

FINAL REPORT

**Evaluation of the Canada-Manitoba
Subsidiary Agreement on
Communications & Cultural
Enterprises: Study #1**

Part 1: Agreement Rationale and Alternatives
Part 2: Selected Evaluations of Components 2, 5, and 8

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INTRODUCTION

This report is Evaluation Study #1 – the first in a series of four evaluations of the Canada-Manitoba Subsidiary Agreement on Communications and Cultural Enterprises.

Epstein Associates Inc., a Winnipeg consulting firm, was selected by Agreement management to prepare Study #1. Work commenced in March 1988, with the Final Report submitted in October of that year.

Study Organization

Study #1 is composed of two parts:

Part 1: Agreement Rationale and Alternatives is an evaluation of the Agreement's rationale, achievement of its objectives, and the need for a new federal-provincial agreement, including possible alternatives to the current ERDA model. This part includes an assessment of the Agreement Management function (Component 7) and makes a number of recommendations with respect to the current Sub-Agreement and future federal-provincial arrangements.

Part 2: Selected Component Evaluations contains an evaluation of three discrete Agreement components: the 1984-85 Film/Video/Audio Advisory Committee (Component 2), the Ethnocultural Communications Centre (Component 5), and the Public Information function (Component 8).

Data Sources and Methods

The study is based on an extensive review and analysis of Agreement files and related documents and a series of interviews with over forty key informants. Evaluation materials were obtained from Agreement files maintained by the responsible federal and provincial government departments. Written materials included pre-Agreement policy and strategy papers, texts of various ERDA documents and background papers, project

authorizations, program and administrative records, correspondence and memoranda, and consultant reports.

Individuals interviewed included current and former Agreement managers at all levels, program managers of related federal and provincial programs, representatives of industry associations, and others having experience with Components 2, 5, and 8. Because many individuals occupied more than one position during the five-year Agreement period, the interview sample of 40 resulted in an increased coverage of 55 "positions", distributed among ten categories:

- 6 members of Management Committee;
- 4 Co-Secretaries;
- 4 members of the Technology Applications Steering Committee;
- 8 members of the Film/Video/Audio Steering Committee;
- 4 members of the Ethnocultural Communications Steering Committee;
- 8 managers of key related government programs;
- 7 representatives of key industry associations;
- 5 members of the 1984-85 Film/Video/Audio Advisory Committee (Component 2);
- 2 participants in the Ethnocultural Communications Centre proposal (Component 5);
- 7 members of the Communications Working Group (Component 8).

The evidence and opinions provided by this cross-section of active Agreement participants, blended with documentation from the written record, provide the basis for the evaluative judgements and recommendations provided in this report.

Work Program

Study #1 was conducted in four phases. The first planning phase included document identification and review, identification and distribution of interview respondents, refinement of the terms of reference,

development of a semi-structured interview guide and introductory letter (see Appendix A), and a detailed workplan and schedule.

Phase 2 consisted of the interview program. Most interviews were conducted in person; interviews with some officials in Ottawa and Toronto were held by telephone. Detailed examination of pertinent data and file materials was also undertaken. A progress report was submitted at the completion of this work.

Intensive analysis of interview results and data was performed during the third phase, resulting in submission of a draft report in August 1988.

Finally, after review by and with the Evaluation Steering Committee, the Final Report was submitted in October 1988.

Report Structure

Part 1 begins with a brief account and analysis of the important political and bureaucratic context within which the Sub-Agreement was conceived and negotiated. The ensuing chapters deal with each major issue identified in the Study's terms of reference, as established by the Agreement Evaluation Steering Committee. The order in which these issues are addressed has been adjusted slightly for purposes of presentation.

Each chapter is organized as a series of conclusions and/or recommendations, each summary statement being followed up by relevant evidence and argument. The reader desiring an overview of the evaluation's findings is directed first, therefore, to those summary statements (presented in bold type). In general, each chapter is structured in three sections – conclusions and recommendations on 1) the Agreement as a whole, 2) the Technology Applications sector, and 3) the Cultural Industries sectors.

Similarly, the three chapters in Part 2 typically provide sections dealing with objectives, background, issues, and evaluation findings.

Evaluation Studies 1-4

In general, this Study focuses on policy, program, and process issues. The issues of impact and effect constitute the basis of Studies 2, 3, and 4.

Once all four evaluation studies are finalized, Epstein Associates will consolidate their results and recommendations in a concise document for senior management and ministerial consideration.

**Part 1:
Agreement Rationale and Alternatives**

**Evaluation of the Canada-Manitoba
Subsidiary Agreement on
Communications & Cultural
Enterprises: Study #1**

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BACKGROUND

POLICY CONTEXT

On January 4, 1984, Canada and Manitoba entered into a 10-year Economic and Regional Development Agreement (ERDA) as an instrument for federal-provincial planning, coordination and funding of socio-economic development initiatives.

As successors to General Development Agreements (GDAs), ERDAs continued to provide a relatively long-term framework for bilateral cooperation aimed at economic expansion and the redistribution of development activities and benefits among regions or provinces.

GDAs had been administered at the federal level by a single department. In preparation for the new ERDA generation, Canada opted in 1982 to decentralize responsibility for regional economic development. All federal departments were to pursue this goal in the formation and implementation of their policies and programs.

Coordination of their efforts was assigned to the Cabinet Committee on Economic and Regional Development (CCERD), assisted by Federal Economic Development Coordinators in each province. CCERD's chairperson, the Minister of State for Economic and Regional Development, had responsibility for umbrella GDAs and ERDAs. Since mid-1984, the Department of Regional Industrial Expansion has been responsible for ERDA coordination, while line departments have continued to administer specific initiatives under the umbrella agreements.

Funding and management of subsidiary agreements and programs were assigned to appropriate line departments. It was thought these changes would help federal government departments better identify and collectively respond to regional needs, primarily by more effectively focussing their activities and resources.

The declared objectives of the Canada-Manitoba ERDA were to enhance

the Province's economic and regional development; to improve opportunities for Manitobans to contribute to and benefit from such development; and to contribute to expansion of the national economy through development of productive enterprise and employment in the Province (p. 3). The Agreement emphasized three strategic priorities (Schedule A):

- productivity and adjustment measures to improve the competitiveness of the industrial base and to reduce social and economic disparities within the province;
- economic expansion in both goods and service-producing sectors to strengthen income and employment growth; and
- proactive public policy to support the evolution of Winnipeg's economic base.

To realize these priorities, there would have to be increased public and private capital investment; greater attention to market development and the factors of production, including greater utilization of human resources and attention to the effects of technological change; greater recognition of the role of the service sector in the development process; and improved dialogue between economic actors.

Science and technology, the service sector (including intellectually-based services), cultural enterprises, and the development role of crown corporations were among seven ERDA priorities identified in the Canada-Manitoba Subsidiary Agreement for Economic Development Planning. The inclusion of cultural enterprises represented a new policy thrust - one that added explicit economic development objectives to cultural ones and that sought to capitalize on contemporary policy and market changes which appeared to offer opportunities for increased regional production, especially in film and video.

NEGOTIATING CONTEXT

The policy context provided only part of the basis for the subsequent ERDA Subsidiary Agreement on Communications and Cultural Enterprises

(hereafter referred to as the Agreement or Sub-Agreement).

First, ERDA offered an opening for improved federal-provincial relations in the communications field. Since 1980, there had been considerable tension between Ottawa and Manitoba over constitutional issues, including those concerning communications. The result was "an agreement to disagree" and loss of contact for discussion of communications policy.

In 1983, the Department of Communications (DOC) started to cultivate bilateral relationships wherever possible in areas of mutual interest. The Agreement was an outgrowth of this attempt to reintroduce federal-provincial cooperation while avoiding contentious policy issues, such as the Manitoba Telephone System (MTS)-cable company dispute on equipment ownership. Negotiations focussed on those specific areas in which the two governments could cooperate within the accepted ERDA framework, including MTS projects of perceived merit.

Second, negotiation of the Agreement, including the combination of communications and cultural development objectives, was influenced by an unusual constellation of political and bureaucratic ambitions during 1983 and 1984. At the bureaucratic level, both DOC and the Manitoba Department of Culture, Heritage and Recreation (MCHR) saw ERDA as an opportunity to extend their departmental mandates. At the political level, there was a conjunction of interests between key federal and provincial negotiators, spurred by the expectation that a federal election would be called in mid or late 1984.

The potential for an election intensified the interest of the Liberal Government's Manitoba minister to continue his drive to bring more federal dollars into the province and to "reshape the economy" of Winnipeg. The Communications and Cultural Enterprises Agreement was one of the last of a series of federal-provincial arrangements he was instrumental in putting in place (including the Winnipeg Core Area Initiative Agreement and the Urban Transportation Agreement).

The responsible provincial minister of the day, as a former Minister of Urban Affairs, was involved in negotiating the Core Area Agreement as

well. He also desired to attract more federal dollars to the province in his current areas of responsibility which then included MCHR; Industry, Trade and Technology (ITT); and MTS. As of August 1982, MCHR had been given responsibility for telecommunications policy, hardware and software development, and provision of information and translation services. ITT was responsible for industry support and development, with a focus on high technology activities. This combination of portfolios placed all key areas related to the Agreement under one provincial minister and provided parallels with the mandate and structure of DOC.

A good working relationship and mutual respect between the federal and provincial ministers, and the coincidence of their political and functional interests at the time, laid the essential political basis for negotiating the Agreement. Political considerations thus drove the process. Indeed, when the Conservative Government took power in 1984, the new DOC minister reviewed the Agreement to determine whether it would be honoured as originally constructed, resulting in a 3-4 month delay in implementation.

IMPACT ON AGREEMENT DESIGN AND IMPLEMENTATION

Certain bureaucratic and political realities during the negotiating process contributed to several weaknesses in design and implementation of the Agreement. These are noted below and analyzed in subsequent sections of this report.

Departmental Inexperience. The Agreement represented new areas of policy and administration for both DOC and MCHR.

Prior to ERDA, DOC was essentially a policy development and regulatory department, with minimal grant program responsibilities, in both the communications and cultural fields. Its level of delivery activity was small and its programs could not be accessed for indigenous regional or provincial products, clearly a priority for the provinces.

The department was looking for an opportunity to break into regional development through delivery of industry support programs, thus becoming

part of the newly-prominent federal economic envelope of departments. ERDA made this extension of mandate and growth in the department's budget and staff resources possible.

In early consultations with the provinces, Manitoba exhibited the most enthusiasm for the idea of an ERDA arrangement to promote both communications and cultural enterprises as a means of economic diversification. Bureaucratic and ministerial pressures to conclude an agreement - DDC's first such agreement - forced a major learning curve on a federal department inexperienced in economic development programming.

Departmental motivations and incentives also existed on the provincial side for an agreement with Ottawa. MCHR at the time had responsibilities in both the communications and cultural fields, although its priority was clearly on the latter. While its mandate for telecommunications policy development subsequently was relocated to another department, its role in cultural and recreational granting had increased, largely through the Manitoba Arts Council (an arm's-length granting agency for the arts). Moreover, its minister also assumed responsibility for the Manitoba Lotteries Foundation, one of the few government institutions experiencing rapidly increasing revenues, a major beneficiary of which was the department itself.

While MCHR was in charge of cultural granting in the province, it had no real involvement in cultural industries. ITT had the lead role in industrial development and promotion, especially in high technology areas. However, MCHR initiated major cultural industry studies in publishing and film in 1982 as part of a government strategy to focus on areas within the service sector that offered opportunities for economic growth.

Negotiations on the Agreement, which began in mid-1983, became a fortunate means through which MCHR could twin two provincial objectives - cultural and economic development (including the social dimension within that context) - and maintain a foothold in the communications sector. However, it also meant a major learning curve for this department - including establishment of a new branch to administer Agreement programs and a reorientation of objectives and roles from those of a

patron of cultural activities to those of an economic catalyst and developer.

Failure to Define an Integrated Rationale and Agenda. The design of the Agreement, both in terms of components and implementation responsibilities, represented a loosely-connected accommodation to federal and provincial "shopping lists", rather than an integrated strategy and package of initiatives for communications and cultural enterprise development.

Sources of disagreement which contributed to this negotiation result included:

- differences of view between Manitoba and Canada over Agreement focus, rationale and the scope or definition of cultural enterprises;
- differences in the agenda items presented for negotiation by DOC and the Manitoba Minister; and
- a federal emphasis on major capital or hard infrastructure projects, contrasting with provincial interest in a variety of smaller-scale, soft infrastructure developments and production stimuli. Provincial negotiators also wanted to avoid major post-agreement obligations to cover the operating costs of new facilities.

A major impasse was encountered with respect to the cultural side's cost-shared Components 3 and 4, the dispute being between the province's priority on soft programming, with a heavy emphasis on training, and the federal government's inclination toward certain hard physical projects, to be developed wherever possible by the private sector. The compromise was to create a "blue ribbon committee" to advise Agreement management on joint cultural programming. Component 2, the Film/Video/Audio Advisory Committee, was thus created to "resolve" the impasse.

Manitoba originally approached the negotiations with a focus on cultural goals and enterprises. While the increasing importance of linking

cultural, communications and information technology was recognized, interest in programs that would develop or apply new technologies was to be subsidiary to a focus on enhancing production of, and access to, Manitoba's cultural products and resources. Thus, the Province proposed such technology projects as an integrated automated library service system for public, school, college, university and provincial government libraries; development of a translation service data base; an Envoy demonstration project through MCHR; an automated heritage resources inventory; and a translation training facility.

Federal negotiators, in contrast, were more interested in discrete projects. In particular, their proposed communications projects did not necessarily contain explicit cultural goals or subsume technology under cultural development. Where integration was sought, it tended to be in relation to other federal involvements, such as a proposed communications technology applications centre in Portage Place; a local area network demonstration in one of the new federal office buildings in North Portage; and a training/cultural centre at the University of Winnipeg.

The Agreement provided a vehicle by which the lead federal and provincial departments could maintain and, in fact, expand their mandates. Given the realities of their mandates at the time, joining communications and culture in the same industry support agreement was a "natural" outcome. Moreover, through the decision to have parallel rather than joint delivery of most Agreement programs, the respective bureaucrats could solidify their profile and use resources for their own government's priorities.

By the signing of the Sub-Agreement, no one had any illusions about the "fit" of communications and culture within the same document. Integration of these two basic sectors was neither stated nor tacitly seen as an objective. (Indeed, in subsequent federal-provincial arrangements, as in Quebec, communications and culture would be the subjects of separate ERDA agreements.)

Inadequate Pre-Agreement Study and Planning. Key observers are of the opinion that the Agreement negotiations were politically driven and done in haste. As a result, there was inadequate needs assessment,

planning, and consensus-building done with the intended beneficiaries of ERDA interventions during the pre-Agreement period.

Indeed, the pace of negotiations was influenced by the parties' desire to reach agreement prior to an anticipated federal election. For Manitoba, this created pressures to successfully conclude an arrangement while MCHR concurrently was still engaged in review, policy development and priority-setting concerning the province's cultural enterprises. Provincial analysts recognized this problem but were unsuccessful in their recommendations for staged planning and implementation of initiatives in the cultural area.

Implementation delays and program reorientation or redesign in Sectors A and B of the Agreement can be attributed in part to deficiencies in pre-Agreement planning and the accelerated pace of negotiations. Both sectors included project-specific initiatives which were found, often after considerable expenditure of effort and time, to be ill-conceived or not feasible within the framework of the Agreement.

SUMMARY

The Sub-Agreement represented a loose accommodation of differing bureaucratic and political interests, rather than an integrated rationale and agenda for action on communications and cultural enterprise development in Manitoba. As a result, Agreement design and structure were flawed, and a number of specific initiatives were not well-planned with sufficient reference to local industry needs. Moreover, lead responsibility for planning and implementation was assigned to federal and provincial departments which were inexperienced in regional economic development, direct industry stimulus and support, and administration of federal-provincial agreements.

1.0 AGREEMENT OBJECTIVES, GOVERNMENT POLICIES, AND INDUSTRY DEVELOPMENT.

- 1.1 Because overall objectives were very general in nature, they required no changes during the Agreement period. Objectives remained consistent with the mandates of the implementing departments and with the economic and industry realities of the time.**

The Agreement's formal objectives were written in very broad terms. They were thus able to accommodate subsequent policy and industry developments, as well as adjustments in, or reorientation of, several Agreement components.

The objectives were written to reflect accurately the overall intent of the master ERDA and the respective mandates of DOC and MCHR.

They also were reflective of the needs of, and prospects for, Manitoba's communications and cultural industries as of 1984. The intent was to bring those firms "up to par", so that they could compete with others in the same sector for regional, national, and international markets.

TECHNOLOGY APPLICATIONS

- 1.2 In the early stages the Agreement was flawed by a very narrow focus on a limited number of specific technology projects and sponsoring companies.**

The major reservation expressed by most informants concerned the specific projects and companies, e.g. NORLUS, selected for funding in the Technology Applications component in the early years. While the subject areas were interesting from a technological point of view, the particular companies ultimately showed themselves to be more inventor-oriented and less concerned with industry development. Despite the fact that they did not demonstrate sufficient commercial potential, they were written in,

due in large part to DOC's wish to promote what were considered to be strategic technologies, to transfer technology from DOC labs, and to quickly capitalize on the availability of ERDA dollars.

- 1.3 The policy objectives and orientation of related federal departments have changed substantially over the course of the Sub-Agreement towards increased emphasis on technology important to Manitoba industry. The changes are not seen as being causally linked to the Agreement, however, but rather as responding to national needs for improving Canadian competitiveness in the world economy.

The Sub-Agreement and the Western Economic Diversification (WED) program are the only federal programs with a regional focus. WED is studying the role of technology transfer and R&D as they relate to the mandate of western diversification. WED programs to date, however, have not been crafted either around ERDA or in response to any specific sectoral needs.

Outside the Agreement, federal programs have changed in response to national needs. While encompassing Manitoba's concerns, there is a strong focus in national programming on strategic technologies, technological innovation and application, and technology transfer. Increased funding is or will be given to the Industrial Research Assistance Program (IRAP), the Technology Inflow Program (TIP), the Microelectronics and Systems Development Program (MSDP), and other technology-oriented programs.

While federal programming is thus shifting in a direction which should be more supportive of Manitoba's informatics/telecommunications industry, this shift has not occurred in response to either the ERDA experience or the specific needs of industry within Manitoba.

- 1.4 There has been and remains a high level of consistency and compatibility between the Sub-Agreement and the priorities and approaches of other departments regarding

development of the informatics/telecommunications industry in Manitoba. However, while some related programs give priority to the Manitoba industry, most of them are broadly based and not focussed by sector or technology.

Both the Sub-Agreement and the related programs of other departments together have a consistent set of objectives and priorities which include:

- industrial growth;
- diversification of the economy;
- application of new technologies;
- creation of high quality jobs; and
- improvement of Canada's competitive position in world markets.

DRIE's major funding programs – the Industrial Regional Development Program (IRDP) and the Western Transportation Industry Development program (WTID) – were and continue to be broadly based with no priority given to any industry sector. On the other hand, the mandate of the new Microelectronics and Systems Development Program (MSDP) is to support innovative developments specifically in electronics, software, informatics, networks, and expert systems. This targeted program is directly supportive of the informatics and telecommunications industry.

A number of other federal departments offer technology development and industrial support programs which are more broadly based. These include:

- the Western Economic Diversification (WED) program, successor to DRIE's capital support programs;
- NRC's Industrial Research Assistance Program (IRAP);
- External Affairs Technology Inflow Program (TIP); and
- CEIC's Canadian Jobs Strategy.

While these programs have not set the informatics/communications industry as a priority, support is available on a case-by-case basis.

The province offers five related programs to the industry:

- InfoTech;
- MRC's Industrial Technology Centre (ITC);
- Technology Commercialization Program (TCP);
- Manufacturing Adaptation Program (MAP); and
- Venture Capital Program.

The latter four programs are broadly based and not focussed by sector. InfoTech is the Province's major expression of direct support to the industry. However, InfoTech's mandate is focussed on software development and marketing, not on support to equipment or systems developers. ITC addresses the latter group, in part through its electronics/mechanical engineering Product Development Group, which works on a fee-for-service basis.

Manitoba's informatics/telecommunications industry, therefore, has been given some priority by federal and provincial departments through targetted programming (MSDP, InfoTech, ITC) and through coverage in other blanket programs.

While the approach taken by each program differs according to its mandate and resources, there is no apparent inconsistency or incompatibility among them. For example, InfoTech is not a granting program, but instead serves as a communications link or channel to help direct ERDA funds to local industry. The Industrial Technology Centre (ITC) does not grant funds, but instead offers research and development resources to industry on a fee-for-service basis. The Venture Capital Program and CEIC address the related needs of venture capital and human resource development, respectively.

The funding programs (WED, MSDP, TCP and IRAP) are consistent in their approach of cost-sharing innovative development projects. This similarity, in fact, raises the issue of potential program duplication (see Section 4).

- 1.5 Over the course of the Agreement, awareness of the importance and potential of the informatics/telecommunications industry has increased within provincial departments. However, awareness has only partly been translated into increases in support programming.**

The activities of ERDA and InfoTech are seen to have increased awareness of the industry's role and potential among provincial departments. Reaction, as reflected in policies and orientation, has been mixed with both reductions and increases in focus occurring.

InfoTech provides non-financial support to the software industry and is an active participant in ERDA management. However, the organization reports budget constraint and reductions over recent years. The program is funded annually and there currently is uncertainty as to budget levels and program directions for next year. This may reflect judgment of the achievements of InfoTech rather than a reduced priority for the industry on the part of the provincial government.

Manitoba Research Council's Industrial Technology Centre has undergone rationalization and staff reductions in recent years. However, the electronics technology resources largely have been retained and re-positioned within the Product Development Group. This is seen as an increase in focus on the industry.

Other provincial programs have not made changes in their policies and orientation due to ERDA's influence. TCP and Venture Capital were aware of the ERDA program, but this did not change the policy or orientation of these programs.

Overall, the Province certainly appears to recognize the importance of the industry. How much support will be supplied, and what form it will take, remain open to question.

- 1.6 The Manitoba communications industry is in a stronger position than it was prior to 1984. ERDA can take partial credit for that improvement.**

Informants believe that the industry's improvement over the past four years has been due primarily to generally improving economic circumstances and a higher level of sophistication among firms in the field.

The impact of ERDA in stimulating these improvements is seen as modest. Component 1 expended a relatively small amount of money and was not marketed very successfully or extensively until late in the program's life.

ERDA represents only one component within the network of existing industry support programs and is given a modest share of credit for improvements that have or will occur within the informatics/telecommunications sector.

CULTURAL INDUSTRIES

- 1.7 The Agreement's regional development thrust has been welcomed and generally supported. However, there continues to be a lack of consensus over the Agreement's mix of economic and cultural objectives and appropriate models for development of cultural enterprises.**

The Sub-Agreement represented a welcome, if belated, recognition of the need to foster development of cultural enterprises and artisans in a region outside of eastern Canada's Golden Triangle.

Prior to the Agreement, the Provincial Government and provincial publishers, filmmakers and other cultural workers were concerned that national policies and programs, in both the public and private sectors, placed too little emphasis on regional support and production. Both public policies and industry operations thus reinforced the existing structural concentration of production and distribution in centres such as Toronto and Montreal, further reinforcing an assumption that concentration was an effective way to counteract foreign domination of the country's broadcasting, recording, publishing and film activities. These and other barriers were seen to limit access by Manitobans to funding from Telefilm

Canada, CBC broadcasting licences, DOC's publishing support program, the FACTOR/CTL fund, and other national sources.

The Agreement represented a commitment by both the federal and provincial governments to a regional alternative to the "centres of excellence" approach to cultural development. It also offered tangible meaning to federal policy initiatives in areas such as Canadian content, the CBC, NFB, cable television, and theatrical distribution, which appeared to open up new opportunities for production and private-sector activity.

However, there has been considerable tension within both industry and government over the Agreement's other objectives and priorities. The main areas of contention have been:

- the mix and relative importance of economic and cultural objectives - in particular, whether it is realistic to expect that cultural enterprises can be consistently self-sustaining, profit-making, and generators of significant spin-off economic benefits;
- the emphasis on support to the private sector, especially to commercial producers in sectors with a high degree of public-sector involvement, such as film and broadcasting; and
- the most appropriate industry development models and criteria to use in implementing the Agreement.

Within the industry, for example, a number of producers prefer to stay at a small, non-entrepreneurial, "cottage industry" level of development. They include some book and especially magazine publishers, as well as some filmmakers. These people, largely freelancers or persons with alternate sources of income, perceive themselves as functioning within a traditional, often state-supported, "patronage model of industry support".

For others, the challenge to become more commercially-oriented, and to expand production and markets, was congruent with their own objectives and needs. Indeed, some informants within this group express little patience for those cultural workers who are not entrepreneurial.

Divisions such as these contributed to controversy over implementation of Components 3 and 4, and they continue to influence the perceived effectiveness of several of the Agreement's cultural enterprise programs. As outlined below, ambivalence over these issues also has affected provincial policy and administration.

1.8 Provincial cultural policy and departmental staff, both in 1984 and today, appear somewhat out of step with the Agreement's industry development objectives, and its profit and market orientations.

The term "cultural industry" was a considerable anomaly to MCHR during the periods of negotiation, approval, and implementation of the Agreement. It was completely new to a department whose only previous and still dominant experience was the provision of grant support to individual artists and cultural organizations.

While it was acknowledged that support to cultural industries or businesses could accelerate development, the common view among departmental and political staff was that the true engine of cultural development was the non-profit and public sectors. Consequently, they struggled with the profit orientation implicit in Agreement objectives and programming.

Differences within MCHR were further highlighted by the selection of the Jobs Fund as the source of funding for the Cultural Industries (CI) Branch. With this connection, the branch was obliged to justify its activities in reference to the Fund's employment and other economic development objectives. In this sense, there may have been an initial or pre-Agreement shift in departmental objectives in order to access Jobs Fund money.

Up to that point, the department's orientation was clearly toward arts or cultural development objectives, primarily as satisfied by non-profit companies, public agencies, and creative individuals. Some in the department initially saw the Agreement as an opportunity to bolster the funding base of the Manitoba Arts Council. While it was generally seen as

the most important player in the Province's cultural patronage system, MAC was also the mechanism in closest touch with individuals in the private sector. Even MAC, however, had little experience with the entrepreneurial concept so central to the Agreement.

Cultural Industries' orientation was not seen as supplanting the "patronage model", but complementing and supplementing it. The branch, with the Agreement's assistance, was to provide new impetus in publishing, over and above what the Arts Council was doing, but to retain MAC support as the core. Overall, the goals appeared consistent with those of the department, i.e., to develop the province's cultural life through development of cultural activities. But tensions continue to arise between the strategy of supporting the industry through "cultural activities" or through "business building".

1.9 A clear Government policy for cultural industry development in Manitoba has yet to be defined.

There is considerable dispute as to whether the Province's former arts granting model has now been replaced by a strategy of industry support. There is little question in some people's minds, however, that the model has been supplemented with a more business-oriented or industrial approach.

Members of the former Film/Video/Audio Advisory Committee are the most critical evaluators of the Agreement. Understanding its basic objective to have been industrial development, they view the actual result to have been enhanced ad hoc grants for specific cultural projects rather than the building of a "total" film, video or audio industry.

Others see MCHR as having made the shift to an industry perspective, albeit somewhat reluctantly. They see this change not as a product of rational economic assessment and deliberate policy-making, but rather of the need to secure provincial Jobs Fund dollars. Ultimately, it was this requirement that forced the department to move from its traditional cultural approach to an economic development strategy.

All informants agree that a clear Manitoba government policy for cultural industry development has yet to be defined. Indeed, the Province has no strategies or objectives for the post-ERDA period. The recent change of provincial government, and the prospects of a federal election, have only exacerbated uncertainty and tentativeness about future direction.

1.10 Neither ERDA nor Provincial objectives were changed during the Agreement, although expectations of results certainly did change.

In particular, it has been recognized by program managers that results are not going to be achieved, certainly not as quickly, as originally thought. Most commonly-stated examples are the lack of Manitoba-based feature film production, few breakthroughs in educational publishing, and difficulties which some enterprises are facing in sustaining higher levels of production and marketing.

1.11 Telefilm Canada was never involved or consulted regarding the \$2 million/year funding commitment contained in the Agreement.

Schedules A and B of the Agreement (pp. 19 and 22) contain two references to the expectation that programs for film development, production and distribution would help the private sector in Manitoba qualify for approximately \$2 million of financial assistance from Telefilm Canada per year. These expenditures were to be in addition to the \$13 million federal commitment under ERDA.

However, Telefilm Canada was not consulted about and, therefore, did not agree to commit an allocation of this kind to Manitoba. Indeed, its funding of Manitoba productions has not yet reached this level after four years of Agreement programming. Telefilm today, moreover, would not agree to any commitment on a regional basis.

1.12 Observers are split as to whether the cultural enterprises in the province now enjoy a strengthened or weakened position relative to the pre-Agreement period.

Most observers within and outside government expressed the view that it is too early to assess the overall effectiveness of the Agreement, especially in the film, video and audio sectors where a number of programs have been place for only one year. Many also argued that, even if all programs had been in effect for the Agreement's five-year life, this period is too short to accommodate the lead time necessary to fully build these industries and to reverse the structural impediments that have impeded regional development to date.

A variety of perceptions were voiced about the short-term impacts of the Agreement and the current status of cultural enterprises.

In film, video and audio, for example, former Advisory Committee members suggested that the industry has moved downhill since the Agreement came into effect. They pointed out, however, that this deterioration related mainly to problems within Telefilm, the general slowness of the economy, and the closing down of the capital cost allowance tax provisions, all of which have resulted in the drying up of investment capital. They cited as evidence the slow take-up of available program funds, largely the result of uncertainty and lack of confidence in the industry's future in the province.

Some committee members and other informants perceived that the Agreement has spurred an increase in pre-production activity in film and video, but this has yet to reflect in sustained increases in actual employment and production because of the long lead times necessary for project implementation and financial packaging. Others expressed contrary views, asserting, for example, that there has been a significant increase in production activity, more full-time employment for free-lancers, formation of some new production companies, increased levels of private and Telefilm investment, improvements in expertise, and more interest in co-production activity in Manitoba.

In the audio field, there is consensus that the Agreement has given

impetus to an industry revival, but some informants were very concerned that this activity has encouraged new production facilities without a concomitant increase on the demand side, thus eroding the economic base of existing enterprises through a narrowing of profit margins.

There also is consensus that whatever incremental gains have been made during the Agreement period, they will not be sustained without continued government assistance. To this extent, a short-term effect of the Agreement may have been to increase industry dependence on the public sector.

Mixed views also were expressed by industry and government informants about the status and progress of publishing firms. As with film and sound, external industry and market changes over the past few years have not been entirely favourable to the fostering of a regional industry. While some book publishers are perceived to have made significant advances in the quality and scale of their operations, and in market expansion, it was argued that the Agreement was less beneficial for some magazine publishers. Indeed, it was suggested that the Agreement provided only a short-term boost for the latter rather than a sustained base for development and stability. If support is not continued, it is argued, some magazines may have to retrench or perhaps fold.

2.0 FEDERAL-PROVINCIAL COORDINATION

- 2.1 Cultural and communication components were inadequately integrated in the planning and execution of the Agreement. While the willingness to achieve a more integrated Agreement was present at the outset and revealed in a few instances, the two basic parts of the Sub-Agreement operated independently.

Early documents reveal a concern for integrating the Agreement's two industry sectors. At the outset, both federal and provincial Deputy Ministers were committed to forging new conceptual and operational bridges between communications and culture. Indeed, some moves toward integrating the two sectors were revealed during consideration of an animation centre and in the human resource study. These became either impractical due to timing considerations or irrelevant when not followed through.

With changes in senior personnel and the inexperience of staff at both levels, however, the Agreement devolved quickly to its typical pattern of priority interests being pursued and implemented independently. In general, therefore, the Agreement can be characterized as an exercise in "joint unilateralism". While linkages have been minimal, at least one informant contended that those that did emerge would not have done so without the ERDA framework.

Application of a consistent 60/40 cost-share formula throughout the Agreement, it is argued, would have facilitated both a greater interest by both parties and more effective integration of programs. In this view, a joint financial stake in all components of the Agreement would have yielded a heightened sense of responsibility and improved coordination between the two sectors of the Agreement.

Proponents of a more integrated approach further suggest that no new agreement or joint programming in these fields should begin until all studies have been examined in depth and a strategy for integrating communications and cultural industry development has been prepared.

TECHNOLOGY APPLICATIONS

2.2 Prior to and in the early stages of the Agreement, there was very little federal-provincial coordination of support programs to the informatics/telecommunications industry. During the later years, coordination between DOC and InfoTech improved dramatically. ERDA coordination with other related provincial programs and agencies, however, remained at a low level.

Prior to and during the early stages of ERDA, there was little, if any, coordination among federal and provincial industry support programs. Coordination problems were largely the product of Agreement design:

- Component 1 was initially narrow in its focus and designed and delivered much in the style of a centralized, national program;
- The Province had no financial commitment to Component 1.

In retrospect, coordination would likely have been better if both governments had had a financial stake in the Technology Applications program.

Later in the Agreement's life, two factors contributed to improved federal-provincial coordination and a stronger InfoTech role in program management. First, DOC and InfoTech staffs became better acquainted, and each recognized the need to coordinate their activities in order to be more effective in their relations with industry. Second, the Brandon workshop and subsequent reprogramming yielded opportunities and issues which required improved coordination.

Very limited coordination, if any, appears to have taken place with related provincial programs (TCP, ITC, Venture Capital). Managers of these programs report only coincidental interaction with mutual clients. InfoTech had the role of overall provincial coordination but was more concerned with working within the ERDA program than forging linkages with other provincial programs.

For the future, the emergence of new departments (i.e., WED and DIST) with related mandates, and increases in funding to complementary programs (IRAP, TIP), underline the need for even closer coordination between federal departments, as well as at the federal-provincial level.

2.3 The degree of coordination and sharing of information between ERDA and related government programs was mixed, although coordination with federal programs generally was better than with provincial ones, InfoTech excepted.

A review of interaction and coordination among related programs revealed a mixed pattern. In terms of program coordination within the federal system:

- 1) Three clients of the IRAP program were referred to ERDA as an appropriate source of next-stage funding. IRAP is seen to complement ERDA, with IRAP focussing on the R&D level and ERDA on the development, commercialization and marketing stages.
- 2) A number of ERDA submissions were referred to DRIE for review and comment. Joint funding was investigated in several cases.
- 3) The TIP program was used by a number of clients of the ERDA program.
- 4) CEIC reports that the potential did or does exist for coordination, but it has not been acted upon in terms of the Technology Applications component. CEIC sponsorship of a manpower and training needs study with the Electronics Industry Association of Manitoba was independent of ERDA.
- 5) Coordination with WED largely has been informal. Applicant companies are now being referred to or approach WED on their own initiative because ERDA funds are all committed. The

exception is the close coordination and planning underway for the Canadian Telematics and Health Care Centre.

With respect to program coordination within the provincial system:

- 1) InfoTech is the provincial program which has achieved the highest level of coordination with ERDA. The mechanism of placing provincial program staff on the Steering Committee is seen to be effective. A number of software projects were identified and assisted through the joint efforts of ERDA and InfoTech.
- 2) TCP reports that five of its clients later approached ERDA for next-stage support without being referred there by TCP. ERDA checked references with TCP which endorsed the applications of these firms. No firms were referred to TCP by ERDA.
- 3) The Venture Capital Program reports no clients in common with the ERDA Technology Applications component. There was referral of one technology applicant and one film project applicant to the Venture Capital Program from ERDA, neither of which qualified for support.

In general, the Province has not paid much attention to the Technology Applications component. Its involvement has been basically restricted to review of proposals through its ITT representative on the Steering Committee. At Management Committee level, the Province has taken no active role in this component.

CULTURAL INDUSTRIES

- 2.4 Formal and informal communications among federal and provincial officials in the cultural field have increased dramatically during the Agreement period. Program coordination since establishment of CIDO, however, is still in the developmental stage.

Federal-provincial program coordination prior to the Agreement was virtually non-existent in the cultural field, due to the absence of provincial programs with which to coordinate. During the Agreement negotiation and early programming periods, new relationships were forged among federal and provincial department officials in DOC and MCHR. Many informants point to the excellent rapport and communication developed between senior Management Committee officials at that time. When the momentum of that early period was lost, however, responsibility and coordination problems surfaced with which the parties are still struggling.

The understanding and relationship now established with Telefilm Canada is often cited as the most visible evidence of coordination success emanating from the Agreement. It is too early to determine if this is a permanent improvement, however, especially with CIDO still in its formative stages.

2.5 The Agreement has had minimal impact in improving coordination with other federal and provincial programs outside the cultural field or in making them more sensitive to the needs of cultural industries.

Little success was achieved by efforts to build better linkages to key programs and departments outside the cultural field.

In terms of federal programs, particular criticism was directed at CEIC by some interviewees. Specific reference was made in the Agreement to this department as an additional source of federal support for cultural and communications activities. However, some program managers complained that CEIC was not innovative or accommodating in responding to the training and employment needs of cultural workers. CEIC, for its part, believes its policy and program coordination with ERDA has worked out well during the Agreement period, as has its contact with firms in the cultural sector. While confirming that the cultural industries are a "national priority area" for the department, CEIC admits to the

difficulty it has had in applying national programs and traditional training approaches to an industry (especially in film, video and audio) that is very unstructured, has a lot of part-time and freelance workers, and has many consultants and small companies. In the early Agreement years, much discussion and information sharing apparently took place. CEIC sent firms and employees to ERDA and also referred persons in search of work to firms. However, on major programming decisions, the result has been delay with little concrete action (only one joint training effort on one film project) and no joint funding. This was largely due, it is maintained, to the involvement of too many parties and bureaucracies, too much confusion, and no focus. A needs assessment study was finally done in Year 4 to obtain data and suggestions needed by CEIC to determine the ways in which it could structure its program support and priorities. This contains a suggestion for improving coordination by structuring a direct relationship between CEIC and industry associations.

At the provincial level, efforts by MCHR staff and consultants to better coordinate with ITT and Business Development and Tourism (BD&T) apparently were rebuffed. Of particular disappointment was the failure to modify the Venture Capital Program to more appropriately reflect the scale and needs of film and publishing enterprises. Another disappointment was the inability to develop a strong relationship with Manitoba Education in efforts to improve publishers' access to educational markets.

It is argued by some interviewees that program managers ought to have been more assertive in raising issues about coordination and cooperation before senior Agreement management, particularly Management Committee. The capacity of DOC and MCHR to effectively influence their respective governmental colleagues, especially in policy and program areas in which their officials had little or no experience, also was questioned.

- 2.6 The Agreement did not result in enhanced status for MCHR in the economic or industry development field or in improved interdepartmental coordination within the provincial system.**

Weaknesses in coordination both within and among concerned provincial departments were due in part to faltering departmental leadership and the segregation of ERDA dollars from departmental program budgets.

MCHR officials view this failing as a missed opportunity. They particularly point to the prior removal of the department's telecommunications mandate (now with the Minister responsible for the Manitoba Telephone System) and the departure of both its Minister and Deputy Minister, both of whom had a real interest in all Agreement components. After their departure, the department's new status and impetus lapsed, and an erosion in provincial involvement occurred. No permanent departmental staff were assigned full-time to Agreement management functions.

MCHR never established status or legitimacy as an agent of economic development within the provincial system. From the time that its communications policy role was weakened, its political and bureaucratic personnel were changed, and its concentration on the arts grant system was reestablished, the department has not been seen as a "business department". Since that time and through the establishment of CIDO, MCHR has been seen by other departments as one that is likely to misdirect economic development initiatives and opportunities. It is only in the past half year or so that departmental interest in industry development appears to have once again been revived.

- 2.7 The establishment of CIDO as an "arm's-length" delivery agency for Components 3, 4, and 6 is the Agreement's major organizational initiative. CIDO is still unproven, however, as an effective delivery or coordinating mechanism for development of cultural industries in Manitoba.**

From the outset, Components 3 and 4 were seen as unique elements with respect to federal involvement and cost sharing in this Agreement. The federal government's anxiety about this involvement was alleviated

substantially when the components were absorbed under the CIDO umbrella. This solved a substantial dilemma with respect to program delivery, since before the establishment of CIDO, the federal government was facing the prospect of creating another rather complicated delivery system for those components.

A few of CIDO's structural elements have given rise to some concern, however. Both parties have expressed their discomfort at the higher than normal level of staffing and core funding for the office. While relatively high overhead is seen as justified during a start-up period, both parties have expressed their interest in dealing with the issue of downsizing the operation in any renewal or renegotiation phase.

In addition, due to the shared, co-management system adopted by the parties with respect to CIDO, informants believe that accountability and responsibility have tended to become looser than in a more typical management situation. CIDO's two separate contribution agreements with the federal and provincial governments also are seen as blurring accountability.

Finally, even those close to CIDO are not certain that the arm's length mechanism is the most appropriate to achieve improved intergovernmental or interdepartmental coordination.

3.0 INDUSTRY ACCESS TO GOVERNMENT PROGRAMS

TECHNOLOGY APPLICATIONS

- 3.1 Access by Manitoba's industry to federal and provincial programs has improved over the course of the Agreement, but this is largely due to the actions of others, not ERDA.**

The majority of interviewees expressed the opinion that program access generally has improved. However, most also noted that ERDA did not play a strong role in the referral of clients to other programs as is done by WED. InfoTech and industry associations are seen to have played a stronger role than ERDA in improving general access.

- 3.2 In general, national programs are seen as not being responsive to the needs of Manitoba industry.**

The opinion generally expressed was that national programs are insensitive to local needs. Centralized development and delivery are the major causes for concern.

One exception cited was IRAP, whose greater sensitivity is seen to be largely a function of personalities. ERDA is seen as having developed local sensitivity by providing for input from industry (Brandon Workshop) and coordination with InfoTech. As program access is a key issue for industry in Manitoba, hope was also expressed that the new national programs being developed by DIST will be more sensitive to local needs through a consultative process that has been undertaken with local industry (via the Manitoba Software Association).

- 3.3 Prior to the Brandon Workshop, industry found the Technology Applications component to be largely irrelevant to their needs, followed by a period of greater relevance. There is danger that the program**

may again enter a phase of less sensitivity to industry needs, due to concentration on a single "theme" project.

Due to the haste of Agreement negotiations and little pre-Agreement attention to local industry needs, planning of Component I was flawed. DOC's Ottawa staff perceived opportunities to carry out some major technological developments in Manitoba. The programming strategy in the first two years of the Agreement was thus to pursue a few large projects centred on key technologies.

In retrospect, this technology-driven approach did not meet the broad needs of Manitoba industry. These included support for smaller projects within smaller firms; eligibility for support to a broader range of technologies; financial assistance for marketing and capital equipment (not just R&D); and decentralized, faster decision-making. In essence, the program in the early years was designed and delivered in the style of a national program. Design and delivery was by staff not particularly skilled in economic development programming.

The Brandon workshop produced two major improvements. Local industry was able to express its needs, and the industry became aware of the program which previously had not been marketed effectively. "Reprogramming" occurred after the workshop, criteria were broadened, and specific goals were set.

Proposed promotional actions, however, as revealed in a review of post-Brandon strategy statements, were weak and badly focussed. The program still lacked the staff and necessary skills needed for effective delivery. Use of outside resources averted potential delays and insufficient take-up of the revised program.

In summary, weaknesses in program relevance were linked to two issues - extension of national programming approaches and lack of staff skilled in economic development program design and delivery. The emergence of a major "theme" project as the centrepiece of a successor agreement (e.g., the Telematics and Health Care Centre) poses the renewed danger that a high percentage of remaining and future funds might be drawn to such a project to the detriment of the outstanding and varied

needs of Manitoba industry.

3.4 Eligibility criteria for the Technology Applications component were ill-defined, subjective and, at first, too narrowly defined. There is still confusion in the mind of industry, however.

Interviewees were almost unanimous in their judgment that eligibility criteria were ill-defined, unclear and open to subjective interpretation. One observer stated that the criteria are still unclear and bureaucratic, and that the industry still does not understand the program, in spite of efforts to make improvements during and following the Brandon workshop. One comment was that the basic criteria exist but are not well expressed. Broadening of criteria to include marketing and equipment costs was judged as an important improvement, responsive to local needs. However, industry associations and government program managers still report considerable confusion within the industry as to eligibility criteria.

3.5 Flexibility as to the percent of support is a good feature of the Technology Applications component. However, total support levels were at first too generous and, later, not sufficient.

Almost unanimous support was voiced for the program's flexibility in determining on a case-by-case basis the percent of project support that would be accorded. The levels of support provided were judged to adequately offset some of the risk in undertaking projects. Managers of other government programs tend to see ERDA as quite generous. The opinion was expressed that perhaps there was too much budget in view of the difficulty experienced in early years in attracting suitable applicants. However, this opinion is inconsistent with later experiences. Post-Brandon promotional efforts have seen the total program budget expended and a number of attractive applicants referred to WED due to lack of ERDA funds.

3.6 Publicity, targetted promotion, active recruitment of applicants, and promotional materials for the Technology Applications component were all deficient prior to the Brandon Workshop.

Interviewees expressed unanimous opinion that publicity, promotion and recruitment of applicants – activities key to the success of any program – were virtually non-existent under Component 1 prior to the crisis that gave rise to the Brandon workshop. This reflected initial program design and the intent to limit access to a few firms and major projects. The one exception in the early years was the advertising and call for proposals under the electronic publishing program.

The actions taken after the workshop were judged to be effective, but too late. The general consensus was that the workshop should have been held at the beginning of the program, not toward the end.

Opinion was unanimous that program information was inconsistent, incomplete, and confusing for most of the life of the component. Improvement after the Brandon workshop was due to a direct personal promotion program and verbal explanation. Some respondents indicated that they had not personally received or seen program materials and had the impression that circulation had been intentionally limited.

CULTURAL INDUSTRIES

3.7 The Agreement has increased the access of cultural industries to government support by creating new province-specific programs and enabling more assistance to flow to Manitoba from national programs.

Some \$13 million were allocated under the Agreement to establish new public assistance programs directed mainly at Manitoba's film, video, sound recording, and publishing enterprises. While the funds have not flowed as quickly as anticipated, ERDA support has become the major stimulus for increased levels of activity in these sectors.

Agreement dollars have worked in two main ways – by providing direct assistance to projects and, concurrently, by helping to lever funds from other government sources and/or the private sector. The two most frequently cited examples of improved access to public programs concern the film/video and publishing sectors. In the former case, investments by Film Manitoba, and subsequently CIDO, have enabled more Manitoba projects to obtain Telefilm funds and CBC broadcasting licences. In the latter case, cash infusions provided by the library purchase program under Component 6 helped raise the operating level of some Manitoba publishers to the point where they could obtain DOC's publishing assistance for the first time.

ERDA dollars have been used to address the access issue in a third way by supporting CIDO's work with film, video and audio enterprises in:

- packaging the financing or co-production arrangements needed to pursue projects;
- building linkages with potential public and private sources of investment funds, both regionally and nationally;
- raising the regional, national and international profile of Manitoba products and producers; and
- advocating changes in national assistance programs to better respond to regional needs.

CIDO is considered by some informants to have taken a very proactive approach to its role. This has raised the question of whether the agency has been too assertive and should step back to allow the industries to take more of the lead.

3.8 Because the gains made to date under the Agreement are tentative, improved access to public-sector programs remains an issue for Manitoba's cultural industries.

While there have been some incremental improvements under ERDA,

more needs to be done to ensure that both national and provincial programs are supportive over the long term of regional cultural industry development.

For example, interviewees familiar with the audio sector noted that the Manitoba industry has yet to obtain significant assistance from either DOC's sound recording program or the FACTOR/CTL fund. In film/video, it was argued that regional targeting of Telefilm allocations, and of CBC broadcasting licences and external production activity, would be an effective way to assist industry development. Some interviewees within and outside government suggested that cultural enterprises might benefit from the expertise and programs of more traditional economic development resources, such as the Federal Business Development Bank (FBDB), ITT and BD&T. However, cultural producers have not found these agencies to be particularly receptive to, or understanding of, their needs, organizational structures, operational styles, or competitive environments.

Access to government programs is a critical issue for these producers because of the difficulties they encounter in obtaining private capital. Investment in film and other cultural projects generally is seen as high risk and less tangible than alternative speculative opportunities. Moreover, conventional lenders resist involvement in these sectors. Financial packaging of projects thus can be very complex and time-consuming, while the ongoing survival of individual firms can be tenuous.

Most interviewees consider the achievements to date on the access issue to be tentative and highly dependent on the continued availability of ERDA dollars. This has made the industry particularly vulnerable to the actions of the federal and Manitoba governments. This vulnerability underlies the concerns which were voiced frequently by interviewees about the potential negative impacts of three possible, though not necessarily related, scenarios:

- 1) In an effort to deal with uncommitted allocations, Agreement management may accelerate its spending and overheat Manitoba's cultural industries in the next year or two.

- 2) Uncertainty about continuation of ERDA programs may stall existing momentum by discouraging new private-sector investment.
- 3) If ERDA's targeted assistance is discontinued or substantially reduced, the industries may revert to their former marginal status, or be worse off if new production capacity encouraged by ERDA results in more cultural producers or facilities competing for less work in the post-Agreement period.

3.9 Information about ERDA's cultural industry programs appears to have been communicated effectively to potential beneficiaries.

Winnipeg-based industry representatives expressed general satisfaction with the quality, quantity and targeting of program information under Components 3, 4 and 6. The concentration of enterprises in the Winnipeg area, and their relatively small number, apparently facilitated communications. As well, the work of the Film/Video/Audio Advisory Committee, and subsequent controversy over design and implementation of programs under Components 3 and 4, heightened industry awareness of the Agreement.

Exceptions to the above are:

- a complaint about the lack of French-language services and program documentation and contracts at CIDO; and
- suggestions that communications could be improved under the publishing programs by more frequent, on-site visits to publishers by program management and by establishing a publishing industry advisory committee.

Information is insufficient, however, to assess whether cultural producers outside Winnipeg share the view that program communications have been adequate.

3.10 Industry has some important concerns about the appropriateness of program design and criteria under Components 3, 4 and 6, and about management responsiveness to suggestions for change.

Interviewees expressed several concerns about the film, video and sound recording programs. These include:

- the confusing array of programs under CIDO, some of which may be premature or misdirected relative to industry needs;
- assistance to outside film productions for shoots in Manitoba, while local producers have been unable to access funds for projects that must be filmed outside the province; and
- lack of priority to outstanding training and human resource development issues.

At the same time, CIDO management was generally described as flexible in program execution and responsive to identified needs for changes in program criteria.

Criticisms were raised about the publishing programs as well. It was argued that program design reflected unrealistic expectations about what could be achieved under the Agreement, while program criteria imposed requirements and standards that were not relevant or well adapted to the situations of publishing firms. Moreover, program management appeared unwilling or unable to make adjustments.

Several specific complaints were also voiced about the appropriateness of the assistance directed to periodical publishers. It was argued that programs did not sufficiently recognize these publishers' diverse needs and thus provided only a short-term boost rather than a sustained base for development and stability. As well, differences in the design of marketing assistance programs were seen to favour book over periodical publishers.

4.0 PROGRAM DUPLICATION

- 4.1 There is no evidence that duplication has occurred between Agreement programs and other programs implemented by the federal and provincial governments.**

ERDA programs were intended to fill gaps in support provided by existing government programs. While not all gaps have been filled, ERDA activities have not duplicated those of other related and complementary programs in the communications and cultural sectors.

Some ERDA-supported projects might have been funded under other programs, if their funding levels and eligibility criteria were sufficient to do so. Indeed, some were referred to other existing programs, such as IRDP and Telefilm. Where the same project was assisted by a number of funding sources, this was done purposefully as a way of improving project viability that could not be satisfied by support from one program alone. To most informants, therefore, program duplication in the sense of unintended overlap has been a "non-issue".

It is contended that both governments were conscious of the danger and were careful from the outset not to duplicate other programs. The involvement of managers of other government programs on Agreement steering committees was the principal structural mechanism established to avoid this potential problem.

TECHNOLOGY APPLICATIONS

- 4.2 While there is potential for the Technology Applications component to duplicate other programs, a number of unique features differentiate this program.**

On the surface, there is potential for program duplication:

- 1) DRIE's IRDP program can support innovative projects similar in

nature to those of ERDA.

- 2) IRAP and ERDA both address R&D and advanced technologies.
- 3) WED and ERDA can consider the same types of projects.
- 4) There is potential for new DIST programs, especially MSDP, to overlap.
- 5) Provincial programs, notably TCP, are similar in nature.

However, a number of features distinguish the ERDA program:

- 1) The most important distinction is that the program is sector-specific, while all other programs generally are not. IRAP, DRIE and WED funds are allocated broadly; the informatics/telecommunications industry thus has to compete with many other sectors. For example, the software industry has had limited support from federal programs other than ERDA. DIST's MSDP program will be addressing this sector in the future. This is the greatest potential area of future overlap.
- 2) ERDA appears to fit into a niche in the "support program spectrum" between the more basic R&D level supported by IRAP and the commercialization and general support programs offered by WED and the Province. Successful IRAP projects, for example, seek support from ERDA, which is seen by Provincial program managers as being willing to take more risks and to be more involved in R&D than their own programs.
- 3) Provincial programs are moderately funded whereas ERDA can address larger needs. The pattern has been for ERDA to serve as the next stage of funding, falling in behind provincial grants.
- 4) ERDA assumes higher risk with grants of 50 per cent or more, depending on need and risk.

5) ERDA requires high technical content in projects supported.

The lack of planning at the outset of the Agreement resulted in the Technology Applications component being not well crafted to clearly fill the gaps between other programs. There also has been some confusion in industry as to the role of DOC in the field of industrial development.

One high-placed informant asserted that there was clear potential for duplication of support to the communications industry in the original construction of the ERDA program. Initially, anything that DRIE and ITT could support, ERDA could also. This was indicated by the broad objective statements established for the Technology Applications program and its extensive room for negotiating with applicants.

While there were indications that duplication was beginning to occur at the outset, no cases were experienced in the latter program period, during which applicants were more frequently referred to DRIE and other programs. Indeed, placing a DRIE representative on the Steering Committee was intended to ensure that duplication did not occur. However, only modest efforts were made to phase in support from other programs.

The potential for program overlap in the future will exist, particularly as the DIST and WED programs develop. A more formal coordination mechanism is recommended between ERDA and these other departments and their programs, including IRAP. If InfoTech is to continue its role of coordinating with provincial programs, then more effort is needed by that organization to liaise with TCP, ITC and the Venture Capital Program. The new provincial government has removed provincial technology support programs from the Manitoba Jobs Fund and placed them under the central administration of ITT. This should facilitate federal-provincial program coordination.

If ERDA continues with a mandate to take higher levels of risk, to fund R&D and technology-dominant projects, and to ensure coordination with related programs, then it can fill gaps without major overlap with other programs.

CULTURAL INDUSTRIES

4.3 No duplication in cultural programming has been demonstrated, although some people see CIDO and Telefilm offering similar kinds of support.

In the film, video and audio fields, it is generally recognized that CIDO and Film Manitoba were designed to complement existing federal initiatives and indeed to help lever a greater proportion of available federal support for Manitoba productions. Thus, while a number of film projects have been purposefully funded from more than one source, this represents the reality of production financing and is not an example of unintended duplication. Agencies such as the Manitoba Arts Council also made adjustments in their granting practices to avoid duplication, but still retained the ability to add their own support to a worthy project.

To the extent that ERDA funds represent a federal-provincial transfer, combined CIDO and Telefilm investment means that federal funds are flowing to a single film project from two sources. However, CIDO's involvement has increased the likelihood that package financing will be successfully completed and thus has made it more possible for Telefilm to respond positively to Manitoba applicants. Moreover, CIDO's cash infusions are important in an industry that traditionally faces cash flow problems and often must rely on financing mechanisms such as credit and wage deferrals. In short, it is fair to say that Telefilm operations in Manitoba are in fact complemented and facilitated by CIDO in its capacity as a local delivery agent responding to local priorities and needs.

5.0 'FIT' OF APPROVED PROJECTS WITH AGREEMENT OBJECTIVES

- 5.1 Approved projects appear to have been consistent with both Agreement objectives and program guidelines. In large part, however, this "fit" is attributed to the exceedingly broad and general objectives statements contained in the Agreement and in Project Authorizations.**

All informants maintain that objectives were not "bent" to permit projects to qualify for funding. Guidelines were strictly adhered to, although one senior official suggested that programs are still reacting to the local industry environment and adjusting criteria and processes accordingly.

TECHNOLOGY APPLICATIONS

- 5.2 The broad objectives of the Agreement were clearly stated and appear to have been understood by program management. It was a lack of understanding on their part about how to realize these objectives, through appropriate industrial development programming, that caused the Technology Applications program to be misguided in the early years.**

Interviewees expressed the opinion that approved projects reflect the Agreement's general objectives of industrial development, job creation, and technology application. That the Agreement itself has not been amended demonstrates that its broad objectives have remained both constant and valid throughout the Agreement period.

It was the industrial development approach taken in the early years that did not fit the reality of Manitoba industry. The establishment of a few large, pre-selected projects as the basis of the program later proved neither to meet the broader needs of industry nor to be realizable in terms

of industry capabilities. Early programming thus missed the mark by being too narrowly focussed and insensitive to the wider needs and capabilities of Manitoba industry, both in terms of areas of technology and the nature of costs to be shared.

Of the four major projects first established, only the courseware development project (MCALC) is considered to have been well guided, largely through the efforts of InfoTech. The others suffered from lack of effective project screening, appraisal mechanisms and working guidelines. This frustrated both applicants and program staff in their efforts to structure and appraise projects. NORLUS is a prime example of such a case. There were protracted discussion and negotiations, repeated submissions and, finally, a decision not to proceed. It was experiences such as this that led management to realize that a better understanding of industry capabilities, needs and interests was required in order to establish a more suitable program.

Clear objectives and their understanding was not the problem. The problem was a lack of sensitivity and experience in developing a more broadly-based program with clearly understood criteria and guidelines.

5.3 The significant mid-course modification of approval guidelines and criteria better reflected the needs and interests of Manitoba industry and allowed approval of more relevant projects.

It is reported that management structures and processes were rigid and onerous in the early years. Application forms were long and program criteria were not well understood by either program management or applicants. Administration was centralized and long, detailed proposals were required with long turnaround times in Ottawa. There was much delay and additional effort required in trying to meet ill-defined criteria. This structure and process was a reflection of the initial "top down" approach taken to programming.

The realization that a "bottom up" approach was needed led to the

Brandon workshop and the subsequent New Application Stimulation project. These activities indicated a need for major changes in program criteria and delivery mechanisms. Criteria were broadened to include a wider range of technology applications and to allow for marketing and capital costs in addition to R&D expenses. Review and approval processes were streamlined with faster turnarounds.

This mid-course "reprogramming" produced a program much more relevant and acceptable to industry, as reflected in the type and quantity of project applications that followed. Although program guidelines and criteria were modified significantly to allow this to happen, these projects are seen as addressing the industrial development, job creation and technology application objectives of the Agreement.

CULTURAL INDUSTRIES

5.4 The Agreement's cultural objectives were so broad as to permit virtually any programming and project initiatives to be justified.

Several informants observed that the Sub-Agreement's stated objectives gave great flexibility as to what would be an appropriate program or project. This, coupled with the reorientation of Components 3 and 4 from capital projects to production and soft infrastructure support, resulted in a wide range of programming in film, video, sound recording and publishing. This reorientation had the effect of reversing an initial attempt to make the Agreement fit a particular project (see Part 2, Section 1.0).

All informants maintain that funded projects have certainly "fit" the objectives of the Agreement. Any modifications made were designed to bring proposals more in line with objectives, not vice versa. Indeed, it was asserted that CIDO has been very "tough" on applicants. Requirements have not been modified and especially not lowered, since the object has been to encourage applicants to develop greater business acumen and skills.

Questions raised about the appropriateness of the Comedia application under Component 5, the Ethnocultural Communications Centre, are discussed in Part 2, Section 2.0.

6.0 CONTRIBUTION TO MANITOBA REGIONAL ECONOMIC DEVELOPMENT

6.1 It is still unclear as to whether regional economic development throughout the province was an intended objective of the Subsidiary Agreement and its programs.

The rationale and strategy of the master Canada-Manitoba ERDA include recognition of the need to address socio-economic disparities within the province. Both the Agreement and the Federal Reference Guide use the term "regional" interchangeably to refer to regions within a province and to provinces (e.g. Manitoba) as part of a region (e.g. Prairie or Western) within Canada.

While the Subsidiary Agreement on Communications and Cultural Enterprises is to complement the strategy set out in the master ERDA, the objective of intraprovincial regional development is ambiguous in available Agreement documentation and in the minds of managers and industry representatives. None of the Sub-Agreement's six objectives explicitly address regional development within Manitoba. Indeed, perceived benefits are expressed in general terms of development and employment in Manitoba or for Manitoba as part of a larger region within Canada.

Program managers acknowledged their confusion on this question and indicated during evaluation interviews that regional development rarely was a consideration in program design or promotion. Indeed, most attention has been directed, and most support has flowed, to firms in or near Winnipeg. There have been some exceptions under the cultural industries components, including activity by the Film/Video/Audio Advisory Committee, and project support and locations marketing under Film Manitoba and CIDO.

TECHNOLOGY APPLICATIONS

6.2 Direct project funding benefits under the Technology

Applications component have flowed exclusively to industry located in or near Winnipeg.

Some interviewees report first-hand knowledge, others their perception, that all successful applicants to the program were from the Winnipeg area. There has been little, if any, direct benefit received in other regions of the province.

Given that the province's informatics/telecommunications industry is located in or near Winnipeg, project funds would logically flow there. The software subsector is likely the one that might find small, new-start firms in other centres or regions in the province, such as Brandon or Flin Flon. While province-wide distribution of program materials is achieved through industry association mailing lists, the Manitoba Software Association, for example, with some 80 member firms, reports that they have few members from outside Winnipeg.

With one exception, there was no proactive promotion of the program in areas outside of Winnipeg. Requests for proposals under the electronic publishing program were advertised in regional publications, such as local newspapers in Brandon, Dauphin, and Thompson. Even the Brandon workshop was not designed to improve program accessibility or to stimulate interest in rural or northern Manitoba. It was held in that city because of the availability of convention facilities and the better opportunity to conduct "away from the office" discussions with participants.

6.3 Indirect benefits have flowed to regions outside Winnipeg as a consequence of successful funded projects and may do so in the future.

One sponsored project, MCALC, has produced courseware that has been of benefit to the educational system throughout the province. Other current or future projects concerned with rural communications systems, health care, etc. could, if successful, bring indirect benefit to other regions in Manitoba.

CULTURAL INDUSTRIES

6.4 Cultural industry support has focussed on Winnipeg-based individuals and organizations. Modest efforts were made to build industry strength in Brandon and other provincial centres, as well as among certain target groups.

Just as the centralizing tendencies of cultural industries place Winnipeg at a disadvantage relative to central Canada, so too do they create structural barriers for those Manitoba producers based outside the city.

Of the four industry sectors included in the Agreement, sound recording is perhaps the most geographically decentralized. Regional strengths are said to exist in country-western and native sound recording, but top-40 mainstream production probably will remain centred in Winnipeg. Publishing firms are concentrated in the city, as are the major film producers and production and broadcasting facilities. Brandon is the other significant centre for film producers and hard infrastructure.

This concentration of cultural industries in the Winnipeg area, coupled with the lack of understanding about, or priority for, intra-provincial regional development among Agreement managers, has meant that much of the direct support and benefits under Components 3, 4 and 6 have flowed to enterprises in this city.

Outside Winnipeg, Agreement activities have included:

- distribution of Manitoba books and periodicals to public and school libraries through the library purchase program under Component 6.
- consultations with cultural workers in Brandon by the Film/Video/Audio Advisory Committee and Agreement management. The Committee also received representations from northern Manitoba and commissioned a research study in Brandon.
- funding assistance to film and audio projects; some workshop and other training activities; and some film shoots.
- outreach by CIDO to cultural producers in other urban, rural

and northern locations.

These activities largely have been sporadic, project-specific, and not aggressively promoted. They have not been part of a comprehensively planned effort to address intraprovincial disparities in facilities and human resource capabilities. It is acknowledged that such disparities exist and, in terms of human resources, contribute to very limited interchange of personnel. Recent use of a Brandon technician on a project by a Winnipeg producer is a rare example to the contrary. Because the film and audio sectors work on personal connections and reputation, it will be important to build these kinds of linkages if the intent is to spread developmental activity outside Winnipeg.

More than one person, however, questioned how realistic it is to foster rural cultural industry development in the province, especially when the real condition of the Winnipeg industry is so fragile and the structural impediments which stem from Manitoba's distinctive population distribution and economy appear to be so intractable.

An alternative Agreement approach to addressing disparities has been to direct assistance to particular subgroups rather than geographic areas. CIDO, for example, has offered 'top-up funds' for training of cultural employees from target groups (women, Franco-Manitobans, natives) - one of the few features that made the program somewhat more advantageous to employers. CIDO also has engaged consultants to work with Franco-Manitoban and native communities. Indeed, it perceives that one of its biggest "regions" is St. Boniface, where there exists considerable impetus and potential in Franco-Manitoban film, video, and audio production, despite cutbacks at Radio-Canada. The new CIDO Advisory Board includes native, Franco-Manitoban and ethnocultural representatives.

As in the case of intra-provincial regional disparities, however, Agreement objectives with respect to identified target groups have not been clearly enunciated or given priority. In particular, it is acknowledged by some key managers that there is need for better understanding of how to relate cultural industry programs to the needs of native firms and communities.

7.0 ECONOMIC OPPORTUNITIES AND BENEFITS

TECHNOLOGY APPLICATIONS

- 7.1 Manitoba's informatics and telecommunications industry has received modest financial benefits from ERDA, as well as important non-financial benefits, such as increased awareness, networking and self-recognition. These benefits are helping to set the stage for further industry development in the province.**

Financial assistance has been given to a variety of firms in the industry. Without ERDA, it is unlikely that the same level of funding would have been provided by other programs.

Most perceptions are that the financial benefit has been modest, however. The software sector, for example, has received only limited support, due to its late awareness of the program, restricted access to program funds, and delivery barriers. Respondents could offer no insights as to the value of support given or whether funding had been directed to the right areas. Apart from InfoTech, provincial program managers had no perception of the "value added" by ERDA.

ERDA has produced important non-financial benefits, however. The Agreement helped establish a higher level of self and mutual awareness within the industry. It has given the industry greater public recognition and profile, although increased public and industry awareness are still required (perhaps through annual program reports and other means). It has created heightened awareness among government staff and politicians as to the importance of and opportunities within the industry. And it has been instrumental in significantly increasing the awareness and level of interaction between the Manitoba industry and DOC, a relationship which will doubtless be of substantial benefit in the future.

While virtually all interviewees focussed on financial benefits and see the program as a funding program, some DOC staff maintain that the

program also has assisted with technology transfer. This benefit is not recognized by other informants, however. If future programs have a technology transfer mission, such non-financial benefits should be given a higher profile.

CULTURAL INDUSTRIES

7.2 Perceptions vary widely as to the benefits and losses experienced by Manitoba's cultural industries since 1984, as well as the degree to which the ERDA programs have been responsible for them.

On the positive side, respondents generally perceived that cultural industry programs have contributed to an increase in production, and improved market exposure for Manitoba products, within and outside the province.

In the film, video and audio fields, some interviewees asserted that the following has occurred:

- more freelancers working on a full-time basis;
- increased access to and levels of private and Telefilm investment in Manitoba film production (thus permitting a reduction in the proportion of total investment required from CIDO or Film Manitoba);
- formation of new (although still small-scale, 1-2 person) film and video production companies;
- increased interest by the private sector in film shoots in the province and investment in Manitoba sound production and facilities;
- more general interest and activity in co-production arrangements;
- improvements in regionally-based expertise and skills;
- evidence that the cost per job created in Manitoba's cultural industries is down;
- increased networking between Manitobans and their regional,

- national and international counterparts;
- formation of new, and strengthening of some existing, local industry associations;
- increases in spin-off productions (e.g., Daughters of the Country, IMAX, etc.), allegedly the partial result of the Agreement's focus on film;
- greater appreciation of and confidence in what is possible to achieve in the industry.

In the publishing sector, book publishers were said to have benefited from assistance in marketing, employment, professional development, and new technology. As a result, some firms have greatly expanded the scale and scope of their operations. Periodical publishers received some short-term assistance in market expansion and employment which, in turn, helped to improve the regularity and quality of some publications.

However, respondents were not prepared to solely attribute positive industry changes to the ERDA Sub-Agreement. Some suggested that developments in the provincial situation merely parallel those occurring in the Canadian industry generally. Some believed that both the national economic climate and other government policies and programs have been more responsible for any improvements in Manitoba's film, video and audio industries. They point to DOC's new sound recording program, new infusions of government funding for feature films and the Telefilm broadcast fund, CBC's policies to increase Canadian content and use more independent productions, the new NFB-Telefilm accord on co-production of features, increased funding of the Winnipeg NFB office, and NFB's policy of using more independent producers and co-productions.

On the down side, some respondents argued that cultural industries are still beset with the following existing or potential problems:

- significant unemployment and underemployment in the film and magazine publishing industries - in film, because many projects are still in the pre-production phase and the level of available assistance through ERDA or other public sources is insufficient to keep everyone employed full-time; in periodi-

cals, because some firms have not been able to generate sufficient alternative revenues to sustain ERDA-subsidized positions;

- lack of a locally-based training/professional development continuum;
- decline in operations of at least some local production and support companies (due in part to increased start-ups and competition stimulated by ERDA without a concomitant increase in business volume);
- potential increases in labour costs for local production companies, possibly endangering the success of the locations marketing program in attracting more national and international film producers to Manitoba (as in the B.C. experience);
- offsetting of ERDA's positive stimulus by internal problems at Telefilm, reduced capital cost allowances, and financing difficulties;
- potential insufficiency of program funds to assist the large number of film projects now in pre-production;
- lack or only partial development of a stable and sustainable revenue base for periodical publishers to enable them to continue to survive and employ skilled staff;
- one-shot support programs that artificially boosted companies in the short-term, but may have lead to overextended positions and unrealized expectations in the longer run (as in the book publishing industry);
- inability under the library purchase program to develop a long-term commitment to the purchase of Manitoba products or to provide public and school libraries with the resource base to make such a commitment.

Most informants noted that a five-year period is simply too short a time to build an industry or to reverse some well-entrenched structural impediments to regional development of cultural industries. Indeed, some informants stated that expectations had changed and been lowered with respect to how quickly the Agreement's cultural industry objectives could be reached (for example, in the area of feature film production). Others were even more pessimistic in asserting that Manitoba will always be a

cultural hinterland unable to develop the same economies of scale that give Toronto and Montreal their dominant positions in the marketplace. Perhaps the most disturbing critique was given by those who suggested that ERDA programs paid insufficient attention to building on Manitoba's pre-Agreement industry strengths (e.g., in non-theatrical film production) and to marketing and distribution issues.

The perceptions cited in this section need to be tested against actual performance and impact – the subjects of Evaluation Studies 2, 3 and 4. One informant emphasized, however, that measures of success and benefits must include "social" benefits as well as "economic", and that the Agreement's "catalyst function" also should be documented and considered in such an evaluation.

8.0 SERVICE INFRASTRUCTURE IMPROVEMENT

- 8.1 Some strengthening in industry support infrastructure has occurred since 1984, compared to the pre-Agreement period, but it is not known how much of that improvement is due to ERDA.**

Agreement staff allege that a significant strengthening in the support infrastructure of both the technology and cultural industries has taken place since 1984. They do not necessarily see this improvement to have been solely due to the Sub-Agreement, however; the Winnipeg Core Area Initiative Agreement is also credited with facilitating the development of both physical and service infrastructure in downtown Winnipeg.

Some participants argue that only limited success in infrastructure improvement, most notably in development and computer support to the informatics and telecommunications industries, can be credited to the Agreement. Others argue that relative to the situation before 1984, there has been a great improvement. They point out that pre-Agreement federal industry support programs, largely due to their eligibility criteria, could not previously reach Manitoba firms, which characteristically were too small scale and had too little volume to qualify.

TECHNOLOGY APPLICATIONS

- 8.2 Both private and public sector infrastructures in support of the telecommunications and informatics industry have improved in recent years, although indications are that industry does not fully appreciate or utilize all available supports. As many factors have been at play, the exact role and impact of ERDA on infrastructure building are not clear.**

Interviewees report a noticeable increase during the ERDA period in the number of organizations and activities in support of the industry. This

includes creation of the Manitoba Software Association, higher levels of activity of the Electronics Industry Association of Manitoba (EIAM), outreach activities of the University of Manitoba, InfoTech, other provincial activities, and the opening of CIIT. Companies are reported to have higher levels of self and mutual awareness with an increase in networking, subcontracting, and joint venturing noted. There is, in sum, a stronger industry identity in the province.

DOC has contributed to this improved situation through its addition of staff and funding under the Technology Applications program. However, interviewees were of the opinion that funding assistance was of benefit largely to firms themselves, as opposed to the infrastructure serving those firms. One reason is the small scale of most projects, a scale that does not create much demand for resources outside of the applicant firms.

ERDA has stimulated professional services for the industry, for example, technical and management consultants. Funds spent under ERDA filter through, in part, to the private support infrastructure in the normal course of purchasing and subcontracting. The magnitude of this linkage is unknown.

A number of respondents identified a need for better understanding of, and coordination among, infrastructure elements. Organizations and programs such as CIIT, U of M, NRC, ITC, InfoTech and others are seen to offer resources which could be of service to the industry. However, industry lacks sufficient understanding and awareness of them. It was suggested that industry could benefit from improved coordination among these organizations and programs, and better marketing of their services.

CULTURAL INDUSTRIES

- 8.3** ERDA stimulated some improvements in the infrastructure supporting Manitoba's cultural industries, but critical gaps and unmet needs remain in both hard and soft infrastructure areas. Opinion is mixed as to whether and what type of equipment and facilities are required.

There is consensus that the Agreement has stimulated some new investment in infrastructure, some improved linkages between cultural industry actors within and outside Manitoba, and greater provincially-based expertise in production and marketing.

For example, rejuvenation of the sound recording sector under ERDA is said to have encouraged private investment in two new studios and interest in establishing new record labels in the province. A higher profile for Manitoba film and audio production has helped to create networks with national associations and potential sources of private investment outside the province. In publishing, better relations and some joint projects are said to have emerged between book publishers and sellers, largely due to the former's improved expertise in marketing. Stronger linkages also have developed with the Manitoba Library Association.

Nonetheless, a number of infrastructure weaknesses were identified by evaluation interviewees, especially in the film, video and audio sectors. In terms of human resources, these included gaps in the capacity to do 35mm feature film and series production, and inadequacies in trained post-production personnel, art direction, set dressing, film and video script writing, and magazine design. One respondent identified a key weakness as a lack of entrepreneurial producers who would be able to spend one or more years on putting and keeping feature film deals together. The potential talent is available in the province, but it was argued that ERDA has not provided these people with the confidence or support that would encourage them to assume the risks of leaving their existing businesses for full-time work as producers.

Two persistent and unresolved debates during the Agreement period have concerned the need for new hard infrastructure and the best way to improve training:

Hard Infrastructure. It is argued by some that there is, or may soon be, a need for various new pieces of infrastructure for film, video and sound recording, including a sound stage, flying spot scanner, improved post-production film facilities, an equipment rental house, and upgrading of existing sound recording facilities and equipment.

One informant argued strongly that provision of a sound stage should have been an objective under the Agreement. This could have been used as a bargaining chip to attract a television series or some other project of sufficient scale to warrant the incentive. It was argued that Winnipeg's underused inner city warehouse space provides governments with an opportunity to acquire or lease a facility and convert it at relatively low cost to an indoor studio for use by local broadcasters and filmmakers.

Other interviewees were concerned that costly infrastructure investments may not be warranted or viable yet – either on the basis of provincial/regional production levels or in competition for work with facilities outside the province.

There appears to be agreement that Manitoba is at a crossroads and that close attention must continue to be paid to equipment and facility needs. If the level of shoots, post-production, and audio recording continue to increase, these needs will become more evident and, perhaps, be addressed by the private sector. It is asserted by some interviewees that a key element in building long-run viability in the film industry is series production. This has not been achieved to date although CIDO has an incentive program directed at this objective. Public-sector activity also could alter the infrastructure picture, such as a decision to proceed with a new CBC production facility in Winnipeg or spin-off production needs from a second CBC television channel.

Training. There is consensus among program management, industry representatives, and members of the former Film/Video/Audio Advisory Committee that a major Agreement weakness has been the failure to progress on building up Manitoba's human infrastructure. They point to two critical and remaining needs – to ensure that on-job training occurs in a developmental fashion for the individuals involved and to establish an apprenticeship-type training continuum (including closer cooperation with academic institutions, formalization of entry-level training, and less ad hoc professional development).

One industry respondent argued that there was a lost opportunity during 1985 and 1986 to stimulate co-ventures in training and facility use between broadcasters, independent filmmakers, and educational

institutions. It appeared to this informant that some private broadcasters had expressed willingness to explore co-ventures during the public hearings by the Advisory Committee, but that this opening was not followed up by Agreement management.

Hope was expressed that, with the arrival of a training coordinator at CIDO in mid-1988, some of the outstanding issues would be addressed. However, it is evident from evaluation interviews that disagreements persist over appropriate training strategies, including the roles of academic institutions and production-based training.

9.0 MANAGEMENT AND DELIVERY

9.1 Agreement management functions were significantly affected at critical times by political events and changes in key personnel at the Ministerial, Management Committee, Secretariat, Departmental, and Steering Committee/Working Group levels.

Political Changes. Following signing of the Agreement, an early setback to progress and development of Agreement programs was the federal election of 1984. With the defeat of the Liberal government in Ottawa, the continuing involvement of one of the Agreement's principal architects, Manitoba's regional Minister, and of an important Cabinet colleague, was lost. After several months, the new government reaffirmed its commitment to the Agreement under the active leadership of the new DOC Minister. Once the initial study period in the cultural industries sector had been completed, however, a provincial cabinet shuffle removed the other original architect of the Agreement from active participation. There appears to have been another loss of momentum again during 1986, allegedly due to tensions between the then federal and provincial ministers.

Management Committee. During the four and a half years of the Agreement, federal and provincial membership on Management Committee also changed several times. Canada's initial member is credited with having had a strong appreciation of and commitment to both sectors of the Agreement, as well as an effective and cordial working relationship with his provincial counterpart, MCHR's Deputy Minister. The federal member's early departure is seen by many observers as a particularly important event producing some early discontinuities in management direction and decision-making. Once the Province's original member was replaced in 1986, the knowledge and influence of the other original Management Committee Chairperson, and first provincial Co-Secretary, were gone. Due in large part to these senior management discontinuities and the political changes noted earlier, periods ensued in which different management styles and priorities of new senior managers had to be accommodated, new

relationships had to be built, and roles had to be redefined. During these periods, relatively little was typically done and the Agreement drifted.

Agreement Co-Secretaries. The very important role of the Agreement secretariat also suffered discontinuity and difficulties during various periods. While the federal Co-Secretary was in place throughout, four different provincial officials served as Co-Secretary during the four-year Agreement period. Moreover, whereas DOC assigned a middle management official to the position, who devoted the great majority of his time to Agreement functions, MCHR assigned Co-Secretary functions to senior officials, who had to share their time between their Agreement responsibilities and a multiplicity of other departmental demands.

DOC and MCHR. A key bureaucratic transition was experienced following the federal election in 1984. The DOC bureaucracy in Ottawa apparently lost considerable control over the Agreement when the new Conservative government established a counterpart policy and program structure within the Minister's office. This resulted in both administrative uncertainty and delays in Agreement decisions on Components 2, 3, and 4, as well as provincial concern over the slow flow of federal funds. Bureaucratic control was subsequently returned to departmental staff. In general, however, they were not knowledgeable about the Agreement and were overworked with the multitude of demands emanating from their activist Minister. These included requests from other provinces for similar agreements. Nonetheless, Canada's Agreement managers express satisfaction in the service they received from DOC's administrative and program staff, both at headquarters and in the regional office.

The main issue regarding DOC's regional office in Winnipeg during the Agreement's first three years was its lack of delegated authority. The federal Co-Secretary had to go to Ottawa often for both senior level approvals and for consultations with chairs of Steering Committees and federal program managers. The results were substantial communication and paper flow between Winnipeg and Ottawa, mounting staff pressures, and infrequent Management Committee meetings during this period. Due to the uncertainty as to who was in charge in Ottawa, together with the sorely diminished level of federal policy and senior management commit-

ment at the front end, Agreement programs floundered for the first year and a half. During this time, the Province took up some of the slack by developing and implementing Film Manitoba and the publishing programs.

Paradoxically, as the federal government geared up again during 1986, the Province began to lose its momentum. After the departure of MCHR's Deputy Minister, Provincial staff were perceived by some observers to then "become disinterested" in the Agreement, turning their attention more to cultural "activities", as opposed to cultural "industries". Provincial Agreement managers generally expressed dissatisfaction with the Government's commitments of administrative and program staff for Agreement functions. In the early period, sufficient numbers of people were involved, but in the latter years, staff were cut back, reassigned or given additional functions. Remaining staff became overloaded, and the few new staff hired had to learn their jobs afresh. Indeed, five Agreement positions were not filled, even though staff years had been authorized and assigned.

Steering Committees and Working Groups. Some of the Steering Committees experienced shifts in personnel and membership over time. Positive changes resulted from new assignments in a number of cases. The Working Groups, on the other hand, especially Evaluation and Public Information, were affected negatively by changes in personnel. In the case of the latter, the Committee has had to be reconstituted twice in the past two years because of turnover among public affairs officers in DOC and MCHR.

In general, turnover within the government bureaucracies during the life of the Agreement is seen by industry and other informants as having been an important and continuing problem with generally negative consequences.

- 9.2 The Sub-Agreement suffered during the first three years from lack of experience in the lead federal and provincial departments. Staff were unprepared for, and inexperienced in, the delivery of a multi-million dollar inter-**

governmental industry support agreement.

Both DOC and MCHR acknowledge that they were breaking new ground with this Agreement. No team was in place and the precise skills were not there, especially at the middle-management and staff levels, to implement such a complex set of business-oriented programs.

A long learning period was required, and delays, mistakes and errors in judgment were made along the way, especially in assessing the commercial potential of industry applicants. Particularly in the technology component, DOC staff had limited background in design, proposal evaluation, viability assessment, and monitoring of industrial support programs. Indeed, examination of financial statements typically was not even undertaken during the assessment and negotiation processes. After the initially designated projects fell through, no strict eligibility criteria or funding guidelines were in place, giving the impression that the program could fund virtually anything it wanted. Within this ad hoc negotiating environment, deliberations on staff recommendations and management decisions were slow in coming, especially on high risk projects.

Only when the imperative to flow Agreement dollars became more manifest did Management Committee begin to recognize the problem and express serious concern over how staff were evaluating projects and how contractual agreements with individual companies were being constructed. Despite this component being largely Ottawa-controlled, it was not clear whose responsibility it was to take corrective action.

- 9.3 While the Agreement management structure is generally considered to have been overly complicated and "heavy", it was reflective of the diverse components and the mix of unilateral and joint responsibilities established in the Agreement itself. It was also the product of an inexperienced and cautious approach to managing intergovernmental agreements and intra-governmental bureaucracies.**

Many interviewees commented on how complicated the Agreement's management structure was. But at the same time, they had difficulty seeing how the system could have been made any less cumbersome.

The management of the non-cost-shared, single-responsibility sectors, i.e. A and C, appeared to run more smoothly than Sector B, for which both governments were the Implementation Parties. While some informants maintain that Canada's sole management of Sector A, Communications/Information Technologies, resulted in some efficiencies and simplification of program procedures, they also acknowledge some greater difficulties as a result in needs assessment and coordination with the Province. DOC clearly had control over this component, with Manitoba only serving in a review capacity at Management Committee, although review and input was provided through the Steering Committee.

Similarly, in Sector C (Component 6, Cultural Enterprises Development), the Province, as sole funder and implementing jurisdiction, was able to move ahead on items that were prominent on its own agenda, i.e., Film Manitoba and publishing. It was not encumbered, therefore, by some of the start-up problems that faced the Agreement (See Section 9.1) or by having to vet policies and decisions through DOC's regional office and headquarters.

Agreement management appeared weakest in Sector B (Infrastructure Development), for which the parties shared costs and implementation responsibility. Component 2 was an immediate problem for Management Committee (see Part 2, Chapter 1). The governments' joint investment in Components 3 and 4 meant the parties had to reach consensus on programs, projects, administration, and delivery – something they achieved late in the Agreement's life only after protracted discussion and delay. On Component 5 (the Ethnocultural Communications Centre), Management Committee was able to achieve an apparent consensus only within the last half year (see Part 2, Chapter 2).

A number of reasons seem to explain the management problems experienced, particularly in the cost-shared, jointly administered components – the "proof of the pudding" for most ERDAs:

The basic reason may well be the parties' inexperience in managing federal-provincial agreements. This, combined with the very unusual and experimental nature of this particular Sub-Agreement, and the pre-ERDA history of federal-provincial antagonisms over communications policy, caused senior managers to create a very careful and cautious brand of management structure.

The parties never seemed to develop a real consensus on what specifically they intended to achieve in doing this Agreement, what discrete industry and economic development problems they intended to solve, how to go about it, and what the scope and limitations were of their respective Agreement roles and responsibilities. In part, this did not happen because of the accelerated pre-Agreement negotiating process, the political and personnel shifts of the early period, and the pressure of a myriad of administrative and programming demands immediately after Agreement signing. Thus, when serious problems arose, particularly in Components 2, 3, 4 and 5 (see Part 2, Chapters 1 and 2), there was no pre-established mechanism and strategic basis on which to build consensus and a directed course of action. Agreement management, under pressure and understaffed, found itself continually fighting fires.

DOC management in particular found itself in the difficult position of leading and administering an Agreement with an evolving federal rationale for Components 3 and 4, and at the same time having to react to the multiple pressures exerted by the Advisory Committee's report, the Province and the industry. The Province, on the other hand, was able to get its interests to prevail in Components 3 and 4. On Component 5, the provincial managers successfully avoided any major negative repercussions for the Province and yet were able to block the Comedia application.

Rather than using the Co-Secretaries and Steering Committees as devices for streamlining decision-making, Agreement managers created and used the committees as add-on elements to their already heavily bureaucratized departmental structures. Due to the great amount of staff learning that had to be done, it was thought that many officials had to be involved. Yet, some informants have contended that, had it not been for

the Steering Committees, programming of the components would have been even slower, more bureaucratic, and less effective.

Nevertheless, much of Management Committee's deliberation and decision time was taken up with consideration of individual projects and with linking the role of the Agreement Steering Committees with the ongoing, non-Agreement activities and programs of their departments. Documents and decision items had to be vetted through the established bureaucracies, as well as the various layers of Agreement management. Blockages and opposition were allowed to arise at virtually any level within this complex web of actors and organizations. This, in turn, further exacerbated the personality and institutional conflicts that existed or developed among key individuals. This difficult environment sometimes resulted in a degree of abdication of responsibility. It certainly did not encourage managers to take leadership roles or to declare themselves on a number of contentious issues. Moreover, as a result of the Agreement's complexity, and the multiplicity of actors involved, Management Committee appeared over time to lose a coherent vision of the Agreement as a whole.

Recently, Agreement management has appeared to adopt a more proactive, less reactive, style. More agenda items are being informally worked up before Management Committee meetings, but where unsatisfactory, are being sent back. Members are reported to be devoting more time to accountability issues.

9.4 Confusion within DOC between regional responsibility and headquarters control hampered decision-making during the course of the Agreement. Only in the last year has an understanding of roles and responsibilities been worked out and an effective decentralized system been implemented.

In the early years, DOC's regional team did not take, nor did it seek, substantial responsibility for the Agreement, especially with regard to the federally-administered Technology Applications component. This was

largely due to inexperience and lack of expertise within the Winnipeg office, which was simply not competent to evaluate technical and financial proposals. Under those circumstances, regional staff were probably quite prepared to accept Ottawa's assistance as channelled through the chairperson of the Steering Committee.

When the region finally became more experienced in the functional and administrative requirements of the Agreement and began to achieve more credibility in the field, it was unable to loosen Ottawa's involvement in program decision-making. Headquarters officials had made a substantial investment in the program. Senior Ottawa officials were still dealing directly with local applicants and negotiating contracts with them, at the same time as regional staff were attempting to exercise their prerogatives and interacting with provincial staff.

Industry applicants were thus caught in the middle; they responded by telephoning both the regional office and Ottawa, in attempts to alleviate their frustrations and break the logjam. During this mid-period, Ottawa was often used as a convenient excuse for inaction or delays in Agreement decision-making. Several respondents commented on what appeared to them to be an ad hoc decision-making system in which it was not clear who in fact was responsible. This seems to have been mirrored by the Agreement's confusing administrative system.

During the last year, an effective working relationship has been developed between senior regional and headquarters officials. While Agreement protocol still maintains Ottawa's formal decision-making presence, in fact there appears now to be a much greater reliance on senior regional managers and their local staff for preparatory work, negotiations, preliminary decisions, payments, and monitoring. The influence and participation of the Ottawa bureaucracy has thus been reduced, although it is recognized that the region will always need the technical expertise of staff in Ottawa. Remaining bottlenecks are now identified as the "intermediary bureaucrats" in Ottawa with specialized expertise.

A close informal arrangement is now being implemented whereby the region depends on the federal Deputy Minister for strategic advice and for working matters out within the Ottawa bureaucracy and the Minister's office, while the Regional Director General is relied upon for working all issues out locally prior to Management Committee meetings. These meetings are thus seen primarily as formalized ceremonies in which agreements previously hammered out between DOC's Regional Director and the MCHR's Deputy Minister are given the needed blessing. The Minister's office, during this period, has also developed confidence in the regional office's ability to protect the Government's political interests.

This changed internal DOC pattern has been recognized and appreciated by both the Province and particularly the technology industry. They now see a more business-like attitude, more responsive approach, and somewhat faster action from the regional office.

- 9.5 Due to the ongoing concern of both governments about their political profiles, considerable time and care have been spent to ensure that fair and adequate credit for Agreement-funded projects and programs are given to each. Most of the application of the procedures now in place, however, will be taking place over the next year or two.**

The Agreement came about at a time of frayed federal-provincial relations and disgruntlement with federal-provincial agreements. ERDA was at that time, and perhaps still is, generally not appreciated by federal ministers as a mechanism for improving the status and profile of the federal government within the provinces. They felt that they received little credit from the public for their regional use of federal dollars and that the "on-site" Province is typically in the limelight at announcement time. Thus hands-on ERDA involvements to them have typically been considered a waste of valuable ministerial time.

The Communications and Culture Sub-Agreement took a different form

from ERDA sub-agreements of the past, however, in that each jurisdiction basically ran its own separate programs. In their management relations and program activities, therefore, they sought to avoid duplication and destructive competition in a generally cooperative, yet independent fashion. To achieve this goal required a common visibility procedure – one required under the terms of the master ERDA – to resolve all profile and credit issues in an expeditious manner.

A substantial amount of front-end time and care was spent, therefore, on developing and approving common public information, announcement, and joint visibility processes. Since that time, funding announcements have been typically made with a joint federal-provincial presence (only one exception has been cited of a 1985 announcement and fact sheets on six projects under the Electronic Publishing Program (for the Manitoba Computer-Assisted Learning Consortium) which were sent out on DOC letterhead). Thus, great care was taken in this public presence and visibility process, seen as the principal way of providing federal ministers and Ottawa civil servants with a greater chance of receiving fair credit for Agreement accomplishments. In general, both parties appear satisfied with the procedures so far, although not with the impact of the Agreement's publicity on public and industry awareness. It is only in the next one to two years that the bulk of project achievement announcements will take place (see Part 2, Chapter 3).

- 9.6 The presence of a provincial Treasury Board analyst on the Management Committee was very important to MCHR, especially in the early formative period of the Agreement. After establishing program design and administrative procedures, however, it would have been even more useful to have had a representative from an implementation department, such as ITT, experienced in business plans, market analysis, banking, and deal-making.**

The Treasury Board analyst responsible for MCHR's estimates was initially appointed as a non-voting member of Management Committee. Her involvement was seen as "invaluable" by the department's Agreement

officials. She added credibility to the department's submissions and helped, in the words of one informant, "to secure grudging concurrence" from Treasury Board and Jobs Fund for a somewhat unique programming package. Her major roles during the early Agreement period were developing project authorization and claim formats, and facilitating Department of Finance approvals of Agreement requests through the highly complicated administrative procedures established for the purpose. The department simply could not have done this job without her.

By 1986-87, however, when vacancies in provincial membership on Management Committee appeared, it would have been more useful to have appointed a senior ITT or similarly experienced official from an "economic department". This would have both strengthened the Province's business, finance, and economic development capacity on the Committee, permitted greater involvement in management of the Technology Applications component, and perhaps stimulated increased consideration of the linkages between, if not integration of, the communications and cultural industries sectors.

At that juncture, a Cabinet Committee representative was considered for the vacant Management Committee position, but an ITT or similar official was not. It was determined to elevate the Finance Department official, who had previously been a non-voting member, largely due to her long-term experience with the Agreement. However, it has been acknowledged that she still played a financial analyst/resource role, and even in her new capacity as a voting member was still not briefed extensively by the Provincial Co-Secretary.

9.7 Steering Committee performance has been uneven over the life of the Agreement. Effectiveness of the individual committees has been dependent on their composition, whether their mandates and tasks were well focussed, and whether fundamental problems were encountered in the design or execution of their respective Agreement components.

The Technology Applications Steering Committee was reported to have been inflexible and debate-oriented in its early years. Processes were ad hoc. This is seen to have been a function of a lack of program planning, evaluation criteria and program management skills. A prime example concerned the long delays and lack of direction in handling the NORLUS application which finally was rejected.

Only through InfoTech's activities, both informally and through the Steering Committee, was the experience of provincial officials imparted to the federal government in its conduct of the program. However, InfoTech's participation only extended to its review of proposals and provision of advice, with all decision-making authority exercised by the federal members.

This Committee's operations have improved in recent times due to:

- more rational programming, responsive to local needs and interests;
- establishment of comfortable working relationships among committee members; and
- streamlining of procedures.

On the cultural industries side, the Steering Committee for Components 3 and 4 generally is considered to have worked very effectively in developing program proposals following submission of the Film/Video/Audio Advisory Committee's report. This result is attributed to the role played by senior policy personnel from DOC headquarters and MCHR who were knowledgeable about relevant issues and their respective governments' positions, and who had direct lines of communication to departmental decision-makers. Despite the Committee's strengths, it alone was not able to successfully negotiate the problems which arose over determination of a delivery mechanism for Components 3 and 4. With no Steering Committee for Component 6, federal officials were less well informed than they desired about the experiences of Film Manitoba, knowledge which might have been helpful in designing programs under Components 3 and 4. With the formation of CIDO and integration of all film, video and audio programs under this agency, the Steering Committee assumed consultative and overview functions related to Components 3, 4 and 6 (Film Manitoba).

However, questions have been raised as to whether this Committee is now necessary, especially since an industry advisory group, reporting to both CIDO and Management Committee, has recently been established.

The ECC Steering Committee was ineffective and virtually inoperative until Agreement management reached a conclusion about the Comedia application and an alternative course of action for implementing Component 5. Once reconstituted with a clear mandate and tasks, this Committee is reported to have worked effectively (see Part 2, Chapter 2).

Similarly, the task-oriented nature of the recently reconstituted Public Information Working Group is reported to have contributed to improved efficiency and federal-provincial coordination.

9.8 The administrative arrangement constructed within the provincial system to flow funds to and from the Agreement has been severely criticized by many provincial participants.

The procedures established to administer the film/video/audio component have been described as an "incredibly convoluted arrangement". The process of separating CIDO and program funds between the Agreement and departmental administration further complicated matters. An "enormous administrative burden" ensued which skewed financial arrangements in both directions – down to CIDO and up to the Jobs Fund. Agreement submissions were challenged because they appeared not to fit Jobs Fund objectives, rather than funds being advanced based on Agreement objectives.

Should the Agreement be extended or renegotiated, a more common sense arrangement should be sought – one that would doubtless save considerable time and money. Indeed, "devolution" of the Jobs Fund by the new Provincial Government with funds now in the departmental base offers the opportunity to construct a more direct and efficient administrative system for the flow of Agreement dollars.

TECHNOLOGY APPLICATIONS

- 9.9** Longer than normal process delays were experienced in the early years of the Technology Applications program, due to lack of program planning, elaborate organizational structure, slow project evaluation processes, and failure of applicants to submit detailed and timely data. Despite partial rectification of the problems, respondents still express concern that undue delays persist.

The main reasons for delay problems include:

Lack of Initial Program Planning. The Sub-Agreement was developed very quickly and called for the funding of four specific technology projects. Thus, there appears to have been no intent, and no apparent need, to do detailed program planning at the outset. This was reflected in the lack of early program documentation and well developed criteria and processes - weaknesses which some observers perceived as symptomatic of staff inexperience in design and delivery of an industrial incentives program.

When it became evident that these designated projects were not going to proceed, Agreement management recognized that the existing gaps in policy, criteria and screening processes had to be filled. Priority was then given to development of program guidelines, eligibility criteria, and other delivery requirements. These details were worked out over the years as the program progressed.

Process Problems. Application, evaluation and management processes are alleged to have been too elaborate and bureaucratic. Process times as long as six or seven months have been cited. No mechanism existed for obtaining a "quick reading" on an applicant's qualifications. Proposals went through detailed review in Ottawa.

The program was seen by some as subjective in its review and decision processes. Given the lack of criteria and guidelines in the early years, management had difficulty in comparing projects which varied in

objectives and content. It was only after the Brandon workshop that a more concise set of criteria and evaluation processes was established.

One factor contributing to process problems was lack of a firm meeting schedule for the Technology Applications Steering Committee. At first, this committee met on an infrequent, ad hoc basis which did not facilitate orderly, quick processing of applications.

Administrative inexperience and poor procedures, while taking their toll in both communications and cultural programs, had an additional negative impact on the technology side. Even after lengthy proposal evaluation and approval processes were completed, it often took three to four months to execute contribution agreements between the governments and industry applicants. As standard agreement formats were not used, each document had to be separately constructed. Contracts were then circulated in a revolving door process through the governments' legal services, resulting in considerable unnecessary delay. The number of signatures required on approval formats often did not reflect either the significance of the project or the magnitude of funding.

Most importantly, final agreements with firms have not always reflected the terms and conditions of the enabling Project Authorization. In the opinion of a number of key observers, there have been cases of loss of control with some agreements not reflecting the respective PA. It is reported that this situation occurred in part because agreements were negotiated with firms on a case-by-case basis rather than applying a standard set of terms and conditions.

Misunderstandings Among Applicants. The criteria and process that did exist, or that were developed over the ensuing years, were not well understood by applicants. Early applicants misinterpreted the role of the program, not realizing that they had to provide matching funds to the ERDA contribution. Some viewed the program as "a banker" and submitted business plans and proposals with little detail or thought. Submissions were weak and had to be redone. Program management tried to work around missing data to minimize delays, but a stiff review process and requests for further data caused frustration for all concerned. The scope

and level of detail required of an application either were not communicated well enough to applicants or were ignored by them.

Interviewees judge the process times under the early years of the ERDA Sub-Agreement as much longer than those of provincial programs, and longer or about the same as the process times of other federal programs. Provincial programs and the NRC's IRAP program were cited as having specially-designed application and evaluation procedures. Process times for these were reported to be very much shorter than for ERDA.

On the other hand, some commentators allege that ERDA programs typically have long process times because there are two governments involved. From that perspective, the Manitoba Sub-Agreement is seen as being typical of most ERDAs. However, since the implementing agent and sole funder for the Technology Applications component was the federal government, the comparison with other ERDAs is not entirely valid. Provincial participation was only evident in its representation on the Steering Committee. As no provincial authorization process was in place, delays typically were not due to the involvement of two governments.

There is no clear consensus as to whether the problems of delay have been rectified. Some observers close to the program are of the opinion that the process has improved following the Brandon workshop. Others commented that, as the program evolved, one could naturally expect an improvement based on learning experience. Still other interviewees, some in close contact with the program, believe there has not been any improvement, noting that the same structures and processes are still in place. The comment was offered that perhaps recent organizational changes would bring a reduction in process times. A key program manager observed that even if process times have improved, many in the industry still perceive the program as having unduly long process times.

9.10 Financial monitoring and reporting are seen to have been deficient under the Technology Applications component. With funds now fully committed, there is an increased need for effective systems.

Government program managers and other interviewees indicated that financial monitoring and reporting systems, in large part, are inconsistent and underdeveloped. Private-sector commitments are not well documented or understood; reports contain too little data on what was being approved, and are often inconsistent and difficult to read.

There is a perceived need to improve these systems and to allocate greater resources, in view of the fact that funds are committed and project management has taken on increased importance.

10.0 ALTERNATIVES AND RECOMMENDATIONS: **THE NEED FOR A NEW AGREEMENT**

10.1 Canada and Manitoba should agree to extend the entire current Sub-Agreement for a further two-year period, that is, to March 31, 1991.

It is clear that a new ERDA Sub-Agreement, or a replacement federal-provincial arrangement, cannot be in place immediately upon expiration of the current Agreement in March 1989. Indeed, a protracted period will be required to review the Agreement and program evaluation reports, to assemble and assess more definitive project and impact data, to determine and analyze current economic and political imperatives (especially in light of the impending federal, and perhaps a provincial, election), and to actually negotiate a new federal-provincial arrangement.

Without immediate continuity, this will result in substantial delays in program authorizations and project approvals, in program implementation, and in financial uncertainties and hardships – conditions with which fledgling technology and cultural industries cannot live. Discontinuity also results in staff dislocations, lowered morale, bureaucratic relearning, and other administrative problems. Recent experience with the renewal of the Winnipeg Core Area Initiative Agreement demonstrates the downsides resulting from renewal when the parties are not sufficiently ready.

We strongly recommend, therefore, that Canada and Manitoba agree to extend the entire current Sub-Agreement for a further two-year period. Projects commitments and amendments to program authorizations could thus be made to March 31, 1991, with an additional 18 months (to September 1992) in which to flow funds. This extended period would be applied to all programs, including those delivered by CIDO. It would permit needed fine tuning and added flexibility, especially in cultural programs, in accordance with the needs of industry clients. During this period as well, all of the issues already identified and those discussed in following sections could be addressed and needed decisions made.

10.2 Alternatives to an ERDA Agreement should be examined, including a Memorandum of Understanding, a separate contribution agreement, and a new federal regional support program.

As alternatives to a new ERDA Sub-Agreement, three basic options have been identified:

1. Signing of a Memorandum of Understanding. This proven method could establish a special federal-provincial cost-sharing arrangement exclusively designed, for example, for CIDO and/or a new technology agency, should that be established. The MOU, without a full-fledged ERDA, is a device currently and successfully used to support the province's museums.

2. Execution of a contribution agreement. A special granting commitment through the mechanism of a relatively simple financial contribution agreement could provide longer-than-usual funding support to an appropriate non-governmental organization or quasi-governmental "public institution", such as CIDO and/or a new technology agency, for the provision of industry support programs. Appropriate accountability procedures would of course be included. Federal and provincial vehicles, such as NRC and Telefilm, already exist through which such sustaining funds could be channelled.

3. Establishment of a special-purpose or general federal regional support program. In the design of such a program, arm's-length delivery agencies, such as CIDO and/or a new technology agency, could be designated as prime beneficiaries. This would provide a generalized vehicle through which the major Agreement accomplishments could be built upon and their viability sustained for an appropriately extended period. This is especially required in economic sectors, such as cultural industries, where a considerably greater time horizon is needed before viability of such agencies and their activities can be realistically tested and benefits clearly determined. Once again, existing federal agencies, such as NRC and Telefilm, might provide suitable conduits through which federal money could be channelled.

10.3 Whatever mechanism is selected, the fundamental design flows of the current Sub-Agreement should be avoided in any successor federal-provincial arrangement(s).

With respect to any new arrangement, informants suggested several changes from the current Agreement. One clear suggestion is to keep out of a new agreement any pre-determined or specific project components. Priority should be given to generic programs for industry development.

ERDA-type programs in both communications and cultural industries should be targeted on areas of greatest commercialization potential even if potential projects require long development periods. Programs should thus be strategic in their orientation, based on long-term benefits rather than "quick results" or "fast track" expectations, and should avoid pre-design commitments to specific projects. Non-commercial projects, particularly in the cultural sector, would be expected to seek non-ERDA sources of financial and infrastructure support.

Re-examination is needed of the concept of "viability" of cultural industries in terms of potential spin-off commercial benefits, direct return on investment, and development time. The current Agreement is seen by many as not offering enterprises enough time or opportunity to prove themselves.

10.4 Unless clear prospects are identified for integrated, economically-viable programs and projects, any new federal-provincial arrangements in the technology and cultural industries sectors should be established separately.

The concept of "marrying" communications (i.e. technology applications) and culture (i.e. film, video, audio, and publishing) within the same industry support agreement has never been realized. Nor is there any

indication that a true marriage is either still contemplated or achievable.

While the nature of the Agreement is understandable in the pre-1984 historic and constitutional context and within the political realities of 1984, we can only conclude that in original structure, in cost-sharing, and in continuing process, the Agreement has been a classic example of what one informant has termed "joint unilateralism." Conceptually as well, outside of some very early pre-Agreement thoughts that communications technology and cultural communication should be joined and could result in new state-of-the-art economic opportunities, the two basic sectors of the Agreement have operated relatively independently of each other.

It is alleged by some participants that having one administrative apparatus for a single, combined agreement was more efficient and easier than would have been the case in a two-agreement situation. Given the experience of the past four years, we doubt this to be the case. Nonetheless, whatever efficiencies may have accrued, they certainly do not appear to have been significant. Indeed, we believe that the Agreement's very complexity and its multiple demands contributed greatly to the problems awaiting inexperienced personnel and unprepared departments.

It could be argued that, now that the responsible departments have "learned the ropes" and the appropriate systems are in place, renewal of a combination agreement is practical and efficient. The premise here, of course, is a continuation of the parallel delivery structure and near-exclusive jurisdictional funding that characterized the current Agreement. If this is to be the case, and if existing problems can be resolved, then it indeed would make sense to continue the arrangement with modifications.

Should across-the-board cost-sharing be the premise of a new arrangement, as is suggested, we recommend severing the two sectors and creating discrete programmatic and administrative systems for each. Our understanding is that each jurisdiction has made progress in improving its ability to administer those portions of the Agreement for which it was and remains responsible. Provincial cost-sharing of the technology component, for example, and the designation of MCHR as co-responsible department for its delivery, would create a new burden that would likely impact

adversely on its focus and expertise in cultural industries. Disaggregation of the sectors thus would facilitate another more suitable department being given the lead in a new arrangement in the informatics and telecommunications sector.

Where there is a viable business connection between the informatics/telecommunications and the cultural industries sectors, a combined agreement may still not be the best way to facilitate this integration. Clearly, in any design of a cultural industries support program, technology applications should be eligible for funding within the scope and project criteria of that program.

We recommend, therefore, that any new arrangement(s) in these fields take the form of agreements in each sector separately.

10.5 Any new arrangement should be based on a prior agreement between the parties as to joint, up-front cost sharing of components and cost recovery expectations over the medium and long term.

The consensus of opinion appears to be that both governments should commit funds to all aspects of any new industry support agreement made between Canada and Manitoba. We concur and recommend that an operating principle of any such agreement be that the costs of every approved component be shared jointly by both federal and provincial contributions.

With respect to the specific cost-share formula, this matter will be determined through inter-governmental negotiation. Suggestions from interviewees ranged from a notional 50/50 or 60/40 split as starting points.

With regard to the question of cost recovery, the situation is radically different in the two industry sectors. The risk, magnitude and timing of return on investment is clearly more advantageous in the industrial technology field, compared to cultural enterprises. Agreements in each sector must reflect these realities.

Indeed, there was a period in which the issue of return on public investment created a very difficult situation for the Agreement. Provincial Cabinet in a February 1985 Treasury Board submission had been assured that 30-50% of film production projects would return their public investments in full; over the life of ERDA, recovery of 19% to 33% of program costs was projected. In December 1986, the projected rate of recovery of public financing was estimated at between 37% and 57% (ERIC/Jobs Fund Board Submissions).

Ministers were shocked to learn later that only a maximum 10% rate of return might be achievable. This revelation had a major impact on the department's relationship with the Jobs Fund, the Province's designated source for Agreement dollars. The resulting tension was alleviated to some degree when the Treasury Board's ex officio representative on Management Committee was elevated to voting status. While the new Provincial Government has decided to eliminate the Jobs Fund and return monies to departmental base budgets, the issue of return on investment still will be a dominant concern of the Department of Finance when examining departmental requests for financing of agreement programs.

The establishment of CIDO was designed to instill a more market-oriented approach to industry support. Program redesign, however, has probably not altered recovery rates, an issue with which the new Manitoba Government appears to be concerned. This issue will likely affect to a considerable degree the Province's position with respect to Agreement renewal and its negotiating stance in any new federal-provincial arrangement.

- 10.6 Composition of the highest-level management body in any new federal-provincial arrangement should be reconsidered with a view toward providing more hands-on direction and ensuring timely decision-making during the two basic stages of agreement evolution.**

One of the shortcomings of the current Agreement's management structure appears to be the indecision and the length of time taken by Management Committee to address problems in program design and implementation. We believe this is due in large part to the diverse and fragmented responsibilities of senior managers within the responsible departments, and to the different and often conflicting management styles of the two governments.

With respect to the first issue, the degree to which members of the Agreement's Management Committee have been able to deal with the complex requirements of thirteen separate program components was determined by the extent and quality of work performed for them by the Steering Committees and Agreement staff, especially the Co-Secretaries. Senior management was thus dependent on their staff for detailed review of proposals, monitoring of project progress, analysis of financial and cash flow reports, and their preparatory work for and pre-negotiations leading up to all Committee decisions. Numerous examples appear in the record, however, of matters being referred back for additional or better preparatory work and of repeated demands for requested material to be finally provided. Thus real decisions, on-time and with timely effect, were often not made, nor could they realistically be made, by a Management Committee composed of the most senior federal and provincial bureaucrats, each responsible for a wide range of pressing and often more high priority items.

The question arises, therefore, as to whether Agreement management needs can best be satisfied in this way. There is certainly a powerful rationale for having the involvement of high level officials, with the most immediate access to the responsible Ministers, during the crucial strategic planning and program authorization period.

Once the programs are up and running, however, we believe that the management reins could well be handed over to qualified, mid-level officials specifically dedicated to Agreement functions. Such officials could more readily be freed of other duties and, reporting to their superiors and Ministers, could provide more day-to-day program monitoring, hands-on deal-making participation, quicker project approvals, amendment and

reallocation decisions, and corrective administrative actions. In addition, where delivery responsibility has been contracted out to an arms-length agency, such as CIDO, such a management body could be better positioned to take needed strategic and funding decisions. In cases of particularly large project commitments or significant policy changes, a sign-off provision for more senior officials could be utilized. In short, we believe that both management and political requirements can best be met with a staged and hands-on approach to agreement management.

More regional authority should characterize the federal commitment to any new arrangement with Manitoba. A stronger local presence should facilitate a more regionalized approach to programming with direct and sustained contact with, and timely and authoritative decisions for, both industry and the provincial government.

10.7 To be both efficient and effective, the Management Committee needs to be supported by a middle management secretariat solely dedicated to agreement administration, program development, and operations.

A federal-provincial agreement secretariat should be reconstituted to implement directives from Management Committee and to coordinate multi-program operations within both systems. It is imperative that co-secretaries drawn from both jurisdictions be relieved of other competing duties. Consideration should also be given to physically locating them together in a special-purpose Agreement office in order to maximize inter-program coordination and integration of objectives.

10.8 Any steering committees established under a new arrangement need to be struck in a lean and coordinated fashion. Their mandates and scope must be clearly established at the outset, probably on a coordinated sector-wide basis, rather than by individual program components.

The Sub-Agreement's Steering Committee structure was considered a generally cumbersome and time-wasting system. It was the only tool available to bring people together for program analysis purposes, but it was not always used effectively (see 9.7).

The Technology Applications Committee, after an initially difficult start-up period, provided needed advice and recommendations to management and coordinated the deal-making function, especially in the last year or so. One senior official expressed concern, however, that the relationship between the Committee and industry applicants may not have been sufficiently arm's-length. Conducting business with industry often in informal, casual conversations, management was seen to have gotten too involved with some applicants, thereby decreasing its ability to be objective about the viability of proposed projects. Administration and record-keeping became sloppy and incomplete. More rigour in proposal evaluation, contract negotiation, and administration is seen as being required, together with the assignment of sufficient case officer resources.

Other Steering Committees have floundered and proved to be less than effective instruments of program development and coordination. The creation of CIDO stimulated an extension of the mandate of the Steering Committee for Components 3 and 4 but has probably now rendered it obsolete as an Agreement structure. It is too early to say how CIDO's new Advisory Committee will function and whether this mechanism will avoid the pitfalls experienced earlier, as well as alleviate the complaints of some members of the industry that CIDO places too many conditions on their funded activities.

In any new arrangement, the most effective Steering Committee structure would be lighter and consolidated at the outset, probably on a sector-wide or integrated basis, rather than by component. This should improve objectivity. Other deficiencies are correctable by standard administrative improvements; indeed, we understand they are currently being made.

- 10.9 In any new arrangement, senior managers should be carefully selected and provided with the time needed to establish good working relationships, and to agree on decision-making and staff management processes.**

Many high-placed informants confirmed the crucial importance of interpersonal skills and personality in determining the degree to which Agreement activities would be successful and productive. Where even two individuals, at either the staff or management level, did not "get along", whole components of the Agreement were adversely affected.

To minimize the potential and impact of these conflicts in any new arrangement, we suggest that exceptional care in the first instance be taken by the parties in their appointments to key positions. After officials are designated, an immediate and concentrated period should be set aside to allow them to get to know each other, to establish effective working relationships, and to agree on processes for efficient management and implementation of the agreement.

TECHNOLOGY APPLICATIONS

- 10.10 While there has been increased self-awareness and recognition of the informatics and telecommunications industry in Manitoba, the structural realities and needs of the industry have not changed over the course of the Sub-Agreement.**

Most government program managers and association spokespersons are of the opinion that the realities of the industry have not changed over the course of the Agreement. While technologies have changed, small companies still predominate and the industry in general is seen to still need:

- greater marketing skills and support programs;
- risk capital and seed funding;
- greater understanding and support by the investment community; and
- skilled businessmen.

10.11 There is unanimous agreement that the industry has continuing need for the type of support provided under the Technology Applications program, but within an improved coordination framework including related government programs. There is mixed opinion, however, as to the fundamental nature of a new support program and whether an ERDA-type federal-provincial agreement is the best implementation vehicle.

All interviewees expressed the opinion that Manitoba's informatics and telecommunications industry still has a need for the type of support provided under ERDA, particularly for some form of regionally-sensitive programming to stimulate growth. The one qualifying remark offered by a provincial program manager was that other high technology industry sectors should not be overshadowed or neglected by any federal-provincial program focussed on the informatics and telecommunications industry.

A number of comments and suggestions were offered as to the substantive and structural requirements of a suitable industry assistance program. There was wide agreement that the programs and departments of the federal and provincial governments must be coordinated, both internally and externally. As a minimum, therefore, a federal-provincial coordinating mechanism is needed, whether or not an ERDA approach is taken.

Opinions on the ERDA model are mixed. One person viewed the first four years of the Sub-Agreement as essentially a start-up phase. The needs of industry and the problems with the program having now been identified, a more effective successor ERDA agreement can now be structured, in this view.

The consensus appears to be, however, that an ERDA-type, federal-provincial program, while workable, is not necessarily required. Other alternatives need to be examined, such as a memorandum of understanding between the governments for joint industry support and establishment of a coordinating body, through which DOC and other federal and provincial funds, could be channelled. Indeed, all agreed that, in any new arrangement, Manitoba needs to provide greater political and financial support for

the industry.

A need was expressed to consider broader-based support, in view of the changes in related support programs. For example, with the demise of DRIE, some view WED as a potential funding source for the industry. On the other hand, others see WED as too generic and oriented to sales and job creation performance, rather than focussed on application of technology. What is required, in most people's minds, with or without an ERDA Sub-Agreement, is more broadly-based industry support, in terms of eligible technologies, and improved coordination among government programs.

Access to venture capital, and the sharing of risk between the private and public sectors, also are key issues. Manitoba industry is seen to be isolated from capital markets; thus, venture and risk capital support is needed for capable firms to emerge and be recognized. Support is especially needed in two main areas: research and development, and marketing. Seed funding for start-up is also needed.

One suggestion was that a future program structure should recognize and be based on the specific roles of the three major participants:

- 1) the applicant – the entrepreneur responsible for project implementation;
- 2) investors – private sector persons/organizations who would make the appraisal of the project and, if convinced, invest; and
- 3) governments – whose role would be to match private investment funds to share the risk, letting private sector investors do the evaluations and lead the investment decision.

10.12 A new technology applications program should focus on initial activities within the R&D-commercialization spectrum. It should primarily support entrepreneurs and new start-ups, maintain broad eligibility criteria in response to emerging technologies, be flexible with respect to costs, and be supported by better "up front" marketing efforts.

Interviewees stressed that the ERDA Technology Applications program addressed needs not met by other programs, particularly at the "front end" of the development/commercialization process. Other federal and provincial programs are seen to provide assistance in commercialization, facilities development, etc., but not in start-up R&D and soft costs. Any new program should support entrepreneurs and provide start-up and seed funding.

The consensus was that a new program should maintain flexibility in the types of technologies it can support and the nature of costs allowed (R&D expenses, equipment, market studies, marketing, etc.). This would maximize impact and meet the varying needs of Manitoba firms. A new program also must be better advertised and promoted to the industry, particularly in the early stages.

Respondents also were of the opinion that a new technology applications program should be guided by the following design and delivery principals:

Design:

- 1) Strengthen the policy and planning process which feeds the programming phase.
- 2) While maintaining a broad mandate, establish a number of priority areas which relate to the overall development strategy for the industry in Manitoba.
- 3) Sponsor a large number of smaller projects, not a few larger ones.
- 4) Encourage strategic partnerships of developers, marketers and financiers, and stimulate collaborative projects involving both the demand and supply sides of the market.
- 5) Provide assistance in management, planning and marketing to smaller firms.

- 6) Take more risk. Provide industry with seed funding and venture capital.
- 7) Consider a tiered approach to funding, as suggested by an industry association, in which firms can quickly access small amounts of support for project planning (e.g. \$5,000), medium amounts for organizing (e.g. \$20,000) and then, if successful in these earlier stages, larger amounts for project implementation.

Delivery:

- 1) Staff the program with persons who are experienced in industrial development projects and familiar with the industry and the business world.
- 2) Streamline the program's criteria, documents, application process, and turn-around times (e.g., a tiered approach).
- 3) Improve awareness and access to the program. Use a direct marketing approach. Hold workshops at the program design stage.
- 4) Allow projects to proceed while applications are being evaluated. The industry is fast-moving and windows of opportunity can be missed.

10.13 While the federal government is looked to for provision of the majority of funds under any new technology support program, the Province should have a significant financial commitment. Flexibility is required in both the absolute amount and percentage of funds provided by governments and applicants, if industry's needs are to be met satisfactorily.

Before realistic support funding levels can be suggested for such a dynamic business sector, industry and government needs and priorities must first be determined. This is the required basis for a federal-provincial-industry agreement as to the most effective support programs and funding levels to be established.

Assuming continuation of the current Sub-Agreement program, however, most government program managers and industry association representatives consider a public funding level of between \$1 million and \$3 million per year as the amount needed in a new technology support program. While some concern was expressed that the level of funding should not be increased because the program had difficulty spending its budget in the early years, most observers stressed that now that the program is better known, larger levels of funding could be absorbed and matched by industry. Particularly in view of the importance of the industry and its national and international growth rate, it is asserted that Manitoba's industry requires more funding to catch up and keep up.

The consensus among informants was that the Province should have a significant financial stake in any future technology support program. Beyond providing more funds, the Province would provide closer links with local industry, bring more expertise into play, and overcome any jurisdictional problems that might arise. Acknowledging the difficult financial situation of the province, interviewees generally recommended a cost-share of 30% to 40% for the Province, with the balance coming from Ottawa.

A flexible level of cost-shared funding with applicants is generally supported by government program managers and industry associations. Stressing that industry should share a significant part of the risk, interviewees generally recommended an industry share of 50% to 75%. Both the percentage and absolute level of funding should remain flexible, however, to meet varying applicant needs. One suggestion was for tiered, progressive funding to help small firms grow (see Section 10.12).

10.14 A separate federal-provincial agency in Manitoba, with involvement of industry associations, is recommended as the most practical and effective means of delivering local technology support programs to industry.

A distinct, dedicated, locally-based inter-governmental agency is recommended as the best means to increase the focus, profile, and accountability of support programs to Manitoba industry. There is a strong consensus that such a delivery agency have a greater degree of autonomy from Ottawa. Local authority is thus a key prerequisite. Consequently, it was suggested that DOC add to its staff in Manitoba to further and formally decentralize the ERDA structure. Specific roles identified for Ottawa include initial planning and negotiation, advice on strategic issues, integration with Ottawa agencies, facilitation of transfer of technology from government laboratories, and overall national program support.

A number of interviewees advanced the concept of an independent third-party delivery agency (a modification of the CIDO model), although they admitted to difficulties in setting up such a structure. Industry spokespersons were of the opinion that industry does not need a third-party structure. Greater involvement of their associations could serve these purposes, in their view.

A joint federal-provincial government structure, with its own identity, is likely the more practical and effective alternative. It would provide for a much higher level of involvement by the Province in the delivery process, and should provide for greater involvement by industry associations than has been the case to date.

10.15 A new or renewed federal-provincial arrangement, with decision-making authority vested in a local delivery agency, should include a strengthened committee structure, supported by broad representation from local industry and related government programs. Evaluation and decision-making processes should be streamlined, particularly for smaller applicants.

While interviewees generally express satisfaction with the management structure that finally evolved in the ERDA Technology Applications program, strong recommendations were made for greater regional authority and local representation.

Program management committees should have broader representation from the province, local industry, and other public and private sector programs. An effective coordinating mechanism is required to forge linkages, avoid program overlaps and gaps, to review sequencing and stacking, and to ensure an appropriate mix of public and private contributions.

Interviewees recommended that the local program office and management structure have evaluation and decision-making authority on all applications, except for very large projects with national implications. A tiered level of funding was suggested with streamlining of evaluation and approval processes for smaller sized applications.

10.16 A new technology applications program must be supported by a strong information component focussed primarily on communications with the industry, particularly in the early stages of the program.

The consensus is that the existing ERDA program was not well served by the Public Information function and that, up to the time of the Brandon workshop, there was too little program literature and ineffective communications with industry.

A new program should have a well designed, targeted promotion component, for which senior management of a local delivery office should be responsible. Better descriptive literature and proactive marketing programs will be needed. While it is recognized that a need still exists for general ERDA-type information services, program information should focus primarily on communications with firms, industry associations, and managers of related programs.

CULTURAL INDUSTRIES

10.17 There appears to be a recognized need for continued support to the cultural industries in the province, both through the delivery of existing Agreement programs and beyond the life of this Sub-Agreement.

Both government officials and industry representatives are of the view that it would be unwise to force an intensified commitment of outstanding Agreement dollars during the remaining months to either March 1989 or March 1990 (in the case of CIDO) and then to flow funds quickly in a succeeding short period of time, given all the economic and market uncertainties involved. Indeed, there is concern that Agreement management can not rationally commit or reallocate its remaining available funds by the early spring deadline, especially in the cultural enterprises, ethnocultural communications centre, and public information components.

While intuitively believing that continued support is required beyond the current Agreement period, both government and industry officials are uncertain as to the level or form that such support should take. Indeed, most have not begun to identify or think through the available options.

The needs for continuing support for the cultural industries sector in Manitoba can be summarized as follows:

- to build upon the modest potential and growth in cultural industry development demonstrated during the first Sub-Agreement;
- to bridge the governments' fiscal year constraints in support of industry projects on a multi-year commitment basis;
- to marshal resources from a wide range of governmental and non-governmental sources;
- to cement long-term contractual and funding commitments;
- to provide risk or venture capital to a creative entrepreneurial sector that finds access to investment, financing, and markets normally very difficult;

- to explore the potential of a prairie-wide industry development strategy, in which necessary trade-offs and financing packages can be put together;
- to determine and implement a programming mix that adequately responds to the differing needs of industry sub-sectors, such as the book and magazine publishers, and theatrical and non-theatrical producers;
- to catalyze spin-off activities in other segments of the industry and the public and non-profit sectors; and
- to obtain faster decisions for providing appropriate levels and types of government assistance that are more responsive to the unique needs of cultural producers.

10.18 The clearest and most obvious need is the provision of sufficient time to test the CIDO delivery system, either via an extended life for the current Agreement or during the course of a new federal-provincial arrangement for support of cultural industries.

It is universally acknowledged that, after only a year of operational life, CIDO has not had enough time to implement its programs and prove itself. Virtually all informants agree that the office must be given the chance to do so. Both federal and provincial officials appear now to be generally comfortable with the arm's-length, yet controlled, delivery mechanism that has been put in place.

Long-term provincial funding for CIDO, however, appears to be contingent on a similar federal commitment. Some informants believe that without a new arrangement for federal cost-sharing, CIDO's operations would be scaled down, its capacity and potential thus weakened, and its mandate probably revised by the Province's new government. In short, without federal participation, the Province may reduce CIDO's core funding, thus downsizing its staff complement and retaining only those program elements showing the greatest return on investment, e.g. locations marketing.

Notwithstanding its official name, the Canada-Manitoba Cultural Industries Development Office is perceived by both parties as a provincial office supported financially by the federal government. The Province has never perceived CIDO as a joint federal-provincial office. Instead, the Province looks upon CIDO as an effective vehicle for leveraging federal funds on a continuing basis.

Federal officials share this basic perception. Nonetheless, senior federal officials generally support the continuation of CIDO. The problem remains: how and with what rationale can the federal government fund what is essentially a regional institution with provincial self-interests?

The ERDA Sub-Agreement mechanism essentially provided the answer in 1984 to this very same jurisdictional and funding dilemma. Only through the ERDA structure, it is alleged, could or indeed still can the federal system be "bent" to regional needs. Nevertheless, officials believe that other less cumbersome devices, such as those identified earlier (see Section 10.2), need to be examined to continue to deliver cultural support programs through the now-established mechanism.

**Part 2:
Selected Component Evaluations**

**Evaluation of the Canada-Manitoba
Subsidiary Agreement on
Communications & Cultural
Enterprises: Study #1**

**EPSTEIN
ASSOCIATES
INC.**

WINNIPEG • CANADA

1.0 FILM/VIDEO/AUDIO ADVISORY COMMITTEE

The Advisory Committee on Film, Video and Audio Production Capability, and Skills Development Facilities/Activities was Component 2 under Sector B, Cultural Enterprises Infrastructure Development, of the ERDA Subsidiary Agreement (Schedule A).

1.1 Objectives and Terms of Reference

The overall purpose of the components under Sector B was to ensure provision of an adequate physical and human resource infrastructure to meet the current and long-term needs of Manitoba's cultural enterprises.

The Advisory Committee was established as the planning vehicle for Component 3, Film, Video and Audio Production Capability (budget allocation: \$4.525 million), and Component 4, Skills Development Facilities/Activities (budget allocation: \$2.35 million). Canada was to be the implementing agency for these two components and their major source of funding (\$5.975 million or 87 per cent of the total).

The Advisory Committee, in "coordination" with the Agreement's Management Committee, was assigned a four-part mandate (Schedule A, Component 2 and Annex A):

- to advise the Ministers on the film, video and audio development opportunities open to Manitoba industry;
- to advise on infrastructure options and human resource development/training needs;
- to examine how public film, video and audio production capabilities could be integrated with the requirements of private and independent producers; and
- to propose a concept plan (or plans) within the framework and resources established for Components 3 and 4.

The official terms of reference directed the Committee to address the relationship between any proposed new or improved infrastructure and existing infrastructure. As well, the Committee's deliberations on human resources were to take into account a previous report on this subject by Jim Carr, a local consultant, and "in particular, the possibility of cooperation with the University of Winnipeg."

Once in place, the Advisory Committee adopted a reworded mandate, drawing from statements in the Agreement about Components 3 and 4. This revised version emphasized:

- improved production capabilities and increased production activities;
- a close working relationship between initiatives aimed at skills development and those to ensure maximum utilization of production facilities and technical resources;
- priority attention to skills development to achieve productivity gains, increase production, and enhance quality and commercial viability;
- consideration of the production needs of native people, in accordance with a directive under Component 3. This later was extended by the Advisory Committee to include the needs of Franco- Manitobans. (Advisory Committee, Request for Submission to Public Hearings, and Final Report)

The Agreement required a seven-person committee, with a chairperson jointly appointed by Canada and Manitoba and three additional members nominated by each government. The committee had one year to report.

Component 2 was to be jointly implemented by the two governments and its \$400,000 budget was to be equally cost-shared. In practice, Canada (DOC Central Region) took the lead on implementation. The total cost of the component was below budget at \$322,400.

1.2 Background

Formal establishment of the Advisory Committee was delayed by the 1984 federal election. A pre-election letter of agreement on the appointees was signed by federal and provincial ministers. However, new federal nominees were put forward after the government changed. As well, one provincial nominee withdrew due to personal circumstances.

The Committee was not formally constituted until January 14, 1985. Its members were drawn from the private and academic sectors, representing expertise in film, audio, broadcasting, writing, theatre, visual arts, post-secondary education, and administration of cultural enterprises.

Terms of the relationship between the Advisory and Management Committees were set out in a contribution agreement finalized in March 1985. This agreement included the committee's responsibilities, financial arrangements, and accountability requirements.

The Agreement Co-Secretaries were to coordinate the two committees, while the Steering Committee for Components 3 and 4 was responsible for assessing the advisory group's recommendations and advising Management Committee on implementation, industry status and outlook, and public policy developments. The Steering Committee also did some initial work on an approach to be taken by the Advisory Committee, including a proposal to place the priority on production and human resource development as they relate to broadcasting.

1.2.1 Committee Activities

The Committee's initial organizational activities included development of a budget and work plans, establishing an office, hiring an executive coordinator, reviewing mandate, examining relevant studies and public policies, initiating a call for representations from interested parties, and public hearings.

The Committee's Request for Submissions contained 14 questions or

issues which it wished to address. These included: status and needs of independent producers; the role of broadcasters; status and needs of creative and production personnel; the role of public production agencies and departments; market and distribution opportunities and problems; status and needs of technical, managerial and professional supports for film, video and audio enterprises; opportunities and problems concerning the transfer of artistic works between different media; existing and needed training programs and facilities; the impact of relevant public policies; and proposed changes in incentives and policies.

This call was broadly publicized, including direct mail contact with 317 individuals, businesses and institutions. The Committee received 31 presentations during four days of hearings in Winnipeg and Brandon in April. Another seven submissions were received in writing.

Subsequent to the hearings, the Committee commissioned six studies. Most of these included surveys as another means of gauging the views of the industry. Three studies concerned human resource development issues; one was on hardware and production facilities; another was on the status and needs of the industry in the Brandon area; and the sixth was an internal study on marketing cultural services, products, and Manitoba as a production location.

The Committee also met with key contacts such as local representatives of the CBC; National Film Board; CEIC; proponents of Young Canada Television; a specialist on the packaging of private investment for cultural enterprises; staff and Ministers in DOC and MCHR; and the Steering Committee for Components 3 and 4.

Three issues were highlighted in the Committee's June 1985 interim report:

- the need for an audio development fund modelled on Telefilm Canada and Film Manitoba;
- the potential for Young Canada Television to locate certain facilities in Winnipeg;
- the need for a Telefilm office in Winnipeg.

The Committee began to explore its major draft recommendations with government and industry contacts in the fall. Its final report was completed by the latter part of January 1986 and made public in late February.

Initial response among federal and provincial members of the Steering Committee appeared to be cautiously positive. However, concerns soon were voiced by some quarters in the industry and by government analysts, primarily at the provincial level. A three-part response was employed by Agreement management: detailed review by the Steering Committee of the final recommendations; broad circulation of the report to interested parties and a concurrent request for written responses; and a series of round-table discussions in March with key representatives of the private, public and non-profit sectors in Winnipeg and Brandon.

By May, the Steering Committee had finalized its review and recommendations on priorities and programs under Components 3 and 4. However, the issue of program delivery – in particular, the type of mechanism to be used and its relationship to Canada and Manitoba – remained a matter of protracted intra- and intergovernmental negotiations. A further round-table meeting occurred in early September on the initiative of an industry association in order to allay concerns about the delays in program implementation.

Finally, on March 30, 1987, a public announcement was made on the establishment of the Canada-Manitoba Cultural Industries Development Office (CIDO) to deliver 14 new programs under Components 3 and 4, plus Film Manitoba's programs. CIDO formally opened an office and began hiring staff in late June.

1.2.2 Recommendations and Responses

Twenty-eight recommendations were made by the Advisory Committee. Primary among these was a proposal for an arm's-length development corporation to promote cultural and industrial initiatives through training, marketing, production and equipment programs for film, video and audio enterprises. This non-profit corporation was to be governed by a 10-

person board of mainly industry representatives and supported by the budget allocations for Components 3, 4 and 6 (Film Manitoba). The Committee's program proposals, as well as the Steering Committee's final recommendations, are outlined in Table 1.1.

The Advisory Committee's recommendations reflected its conclusions that:

- There is considerable potential in film, video and audio development in Manitoba, but the "community" has tended to be reactive rather than proactive. There is a need for some stimulus or catalyst to encourage cooperation and move the industry beyond the 'take-off' stage.
- Spirited but orderly development will occur only when the planning and delivery of public-sector assistance have their genesis in the community itself.
- The goals of Sub-Agreement Components 3 and 4 should be: increased quantity of product; improved quality of product; increased visibility of the industry; and catalysis of the industry.
- Production-based training, and assistance with marketing and distribution, are the priority needs of the industry.
- Particular emphasis should be placed on the development of a comprehensive training strategy that provides a continuum of learning opportunities, ranging from entry-level training to ongoing professional development. Related programs should be industry-based, province-wide, and oriented to apprenticeship. They should involve cooperation among all key actors and make maximum use of existing facilities.
- While marketing was not strictly within the Committee's purview, it was perceived as a major issue, based on the public hearings and consultants' research. (The Advisory Committee

TABLE 1.1
COMPARISON OF RECOMMENDATIONS
FOR COMPONENTS 3 AND 4

<u>ADVISORY COMMITTEE (1)</u>	
Program	Budget(\$k)
<u>Training</u>	
workshop assist.	400
production lab	450
curriculum dev.	10
academic equip. & facilities rental	350
professional-in- residence	250
project training incentive	400
professional dev.	245
first-film fund	<u>240</u>
Subtotal	2,345

Market Development 1,100

<u>Production</u>	
special projects fund	360
Audio Manitoba (production)	300
music video fund	150
demo recording fund	<u>150</u>
Subtotal	960

<u>FINAL RECOMMENDATIONS BY STEERING COMMITTEE</u>	
Program	Budget(\$k)
<u>Training</u>	
workshop assist.	300
on-job training	300
professional dev.	<u>150</u>
Subtotal	750

<u>Market Development</u>	
film/video product marketing	150
audio product marketing	150
recording artists' touring support	150
location marketing	<u>420</u>
Subtotal	870

<u>Production</u>	
special projects fund	1,400
audio production fund	500
music video fund	275
demo recording fund	100
non-theatrical production support	450
series production support	<u>1,000</u>
Subtotal	3,725

(Table 1.1 continued)

<u>ADVISORY COMMITTEE (1)</u>		<u>FINAL RECOMMENDATIONS BY STEERING COMMITTEE</u>	
Program	Budget (\$k)	Program	Budget (\$k)
<u>Equipment</u>		<u>Equipment</u>	
new equipment grants	500	equip. grants for	
equip. rental for non-		for non-profits	200
profits	250	<u>Subtotal</u>	200
<u>Subtotal</u>	750		
<u>Delivery (2)</u>	1,720	<u>Delivery (3)</u>	805
<u>TOTAL</u>	6,875	<u>TOTAL</u>	6,350
		<u>Residual (4)</u>	525

NOTES:

1. Assumes: (a) that responsibility for Film Manitoba will be shifted from Manitoba to the development corporation; (b) that the provincial Universities Grants Commission and other post-secondary funding agencies can be convinced to finance new academic initiatives once the curriculum development committee under ERDA has produced a unified proposal for degree and diploma programs; and (c) that CEIC will provide additional on-job training funds of \$200 K per year over a proposed five-year implementation period for Components 3 and 4.
2. Includes contingencies.
3. Includes \$80,000 in overhead that did not go forward for approval by the federal Treasury Board. In the Treasury Board submission, approval was sought for \$6.27 million, not \$6.35 million, in programs and administration.
4. It appears this residual was intended as an administrative reserve.

SOURCES:

Advisory Committee on Film, Video and Audio, Report to the Hon. Marcel Masse, Minister of Communications and the Hon. Eugene Kostura, Minister for Culture, Heritage and Recreation (Winnipeg: The Committee, January 24, 1986).

ERDA Communications and Culture Subsidiary Agreement, Steering Committee for Components 3 and 4, Steering Committee Presentation (to Management Committee), May 22, 1986.

outlined an organizational structure and program priorities for a major thrust in this area. However, it left detailed program design to the proposed development corporation.)

- The initiatives underway through Film Manitoba (Component 6) need to be supplemented to assist audio, music videos, and special film/video projects that may not meet the Film Manitoba point system but would be important to development of the local industry.
- New equipment was a lower industry priority and one that largely may take care of itself once production levels increase. The committee was cognizant of various concerns about ill-considered acquisitions, and how to balance academic, commercial-industrial and cultural interests while, concurrently, maximizing access to, and use of, equipment and facilities.
- There are distinctive needs among cultural enterprises outside Winnipeg and within the native and Franco-Manitoban communities.

Initially, federal officials tended to view the Committee's program proposals as basically sound, though lacking in detail. The idea of an industry-driven delivery mechanism was consistent with prevailing federal ideas about economic development. Moreover, there were federal precedents for vesting funds in an independent or quasi-independent agency. It also was thought that the Advisory Committee had considerable community support and that there was a need to respond quickly in order not to diffuse or frustrate the interest that had built during the consultative process.

Nonetheless, a number of major criticisms began to emerge. With respect to the adequacy of the Committee's research and conceptual planning:

- It was argued mainly by provincial officials and consultants that the Committee did not undertake an adequate research program in

order to identify and analyze industry opportunities, problems and needs. It did not, for example, address in any detail the gaps in human and physical resources; the needs of native or Franco-Manitoban enterprises; or the distinctive problems and opportunities faced in local, regional and export markets.

- As a result, provincial officials argued, the Committee did not adequately define the economic and cultural context for Manitoba's film, video and audio enterprises. Nor did it define measurable goals, plans and anticipated outputs or achievements for its proposed programs. The Committee's focus on a single delivery option was not seen as a satisfactory substitute for an industrial or cultural strategy. Moreover, it was suggested that the Committee failed to address Manitoba's main rationale for entering the Agreement, i.e., to support the development of an industrial infrastructure as a means of achieving cultural goals and cultural maturity.

With respect to the proposed delivery mechanism:

- Members of the industry tended to support the concept of an arm's-length delivery mechanism, but some elements opposed the Advisory Committee's proposal out of concerns about potential conflict of interest in an industry-dominated corporation; loss of confidentiality for applicants' proprietary information; and loss of accountability to governments and the industry.
- Within the provincial government, it was argued that: (a) concentration of all programs under one industry board would reduce governments' flexibility to reorient priorities and reallocate funds; (b) this consolidation concurrently would leave the industry dependent on one local source of assistance; (c) the industry was too small and had little demonstrable capacity for the kind of cooperative action required by the proposed development corporation; and (d) the corporation would not be able to effectively coordinate public-sector initiatives or actors, especially in a context where the CBC and Telefilm were per-

ceived to be biased against development of regional industries. Most importantly, the Province maintained that its budget share of Components 3 and 4 could not be vested in the proposed corporation due to the requirements of the Manitoba Jobs Fund.

- Provincial officials were concerned about the staffing and policy implications of transferring Film Manitoba to an arm's-length agency since some Film Manitoba personnel held dual roles in managing the Agreement and developing provincial cultural policy.
- In terms of federal-provincial relations, there was concern within Manitoba that use of the vesting procedure would be a way for the federal government to cap its support of film, video and audio enterprises in the province. This would leave Manitoba alone to face industry requests for post-Agreement support. Concurrently, concern was voiced that the federal government might be using ERDA as a short-term offset to the reductions then underway in the base budgets of agencies such as the CBC.
- For its part, the federal government was concerned that Manitoba was attempting to attain too much direct control over film, video and audio programs. Members of the industry were perceived to be relying on DOC to ensure that there would be an arm's-length relationship between governments and the delivery mechanism. Maintenance of federal visibility also was a concern in considerations of acceptable alternatives for delivery. Moreover, while Canada was not opposed in principle to vestment of funds in the proposed corporation, the sum vested would have to be at a discounted value.

With respect to the Committee's program proposals:

- Members of the industry advocated much greater priority and funding for production assistance. Training also was seen as a priority, but they preferred on-the-job and production-oriented, not academically-based, training.

- Both industry and government sources had criticisms about some of the Advisory Committee's specific program proposals. In general, it was argued that the Committee should have provided more details on criteria and other aspects of program design. Many of the specific criticisms related to training proposals and recommended budget allocations.

As a result of these criticisms, the Steering Committee made substantial priority and program revisions to Components 3 and 4 (see Table 1.1). The Steering Committee's alternative recommendations were based on the following principles:

- Programming will be skewed to production support as a vehicle for training, employment, and stimulus for equipment acquisition and rental. Support for equipment will be limited to the requirements of non-profit organizations for training purposes.
- Training will emphasize an on-job, apprenticeship approach. Each production project will have a training component and plan.
- Affirmative action incentives will be built into certain production programs to benefit natives, women and Franco-Manitobans.
- High priority will be given to a location marketing service.
- Support for product marketing is key to production expansion.
- Programs should complement existing initiatives and services.

Indeed, more than half the total budget allocation for the two components was redirected to production instead of capital projects or training programs. As well, a significant sum was redirected to Canadian rather than just Manitoban productions through the special projects fund.

1.3 Evaluation Findings

1.3.1 While consultation was needed at the outset to help define programs under Components 3 and 4, views are mixed about the effectiveness of the Advisory Committee as the vehicle for this process.

Most industry and government interviewees agree that there was a need for a consultative process as part of program development for Components 3 and 4. Because the Agreement negotiating process was accelerated and there were disagreements between the two parties over these components, opportunities for pre-Agreement consultations, needs assessment, and program design were reduced.

For governments, especially for Canada as the primary funding agency for these components, the consultative process was a chance to build on earlier studies, including recent work by Manitoba, and to plan for the development of a regional industry in concert with initiatives under Component 6 (Film Manitoba).

In film, for example, it was recognized that the industry had expertise in commercial, educational, news and current affairs production and had begun to establish a positive reputation in animation, documentaries, drama, variety and children's programming. Much less certain was the capacity and appropriate strategy to develop a viable industry in areas such as feature films and television series.

For members of the industry, the consultative process was a means to press their particular priorities and issues within the context of an *a priori* government commitment to respond. The process also provided a stimulus to think collectively about new goals, opportunities and avenues for cooperation. The initiative was well timed to meet the needs of a fledgling industry and to counter recent budgetary constraints affecting national agencies, such as the CBC, which did not appear to bode well for local development prospects.

A minority view among evaluation interviewees is that the consultative process should not have proceeded in the way it did once there was a change of federal government in 1984. It is argued that Component 2 was intended mainly to confirm support for a training/production centre at the University of Winnipeg. Once the main federal promoter of that concept was no longer in office, Agreement management should have reviewed and substantially revised or dropped the component. Program development could have proceeded more expeditiously and effectively with less elaborate consultation, it is argued.

More mixed views are expressed about the effectiveness of the Advisory Committee as the Agreement's consultative and planning vehicle. Most evaluation interviewees (who were not Committee members) thought the public hearings were an effective information-gathering mechanism and that the Committee undertook appropriate outreach to stimulate interest in its work. Most of these interviewees also thought the Committee had developed some innovative program ideas. Again, only a minority view held that the Committee's research was inadequate and that its recommended delivery option was insensitive to the status of the industry and the interests of the public sector, especially at the provincial level.

Similarly, mixed views emerged from written responses to the Committee's report and the March 1986 round-table discussions. There were divisions of opinion about the proposed delivery mechanism, program and budget priorities, and how best to do training. However, there also was significant support for many of the Committee's recommendations.

If the Advisory Committee generally was perceived to have done an adequate job or, at least, to have proposed some viable programs, why then was there such controversy and delay over implementation of Components 3 and 4? The answer lies partially in weaknesses in the Committee's work; weaknesses in Agreement design and management; and the politics of the industry and public policy-making in the cultural field. These points are addressed in the following sections.

1.3.2 A consultative process should have preceded the Agreement in order to familiarize governments with the issues and priorities of the industry and to develop consensus on appropriate objectives, strategies and public policy.

A basic flaw of the consultative process was its timing in relation to development of the Agreement. Given that Components 3, 4 and 6 (Film Manitoba) marked new areas of policy for both the federal and provincial governments, pre-agreement consultation would have been prudent and, if appropriately conducted, should have avoided the extended delays which affected subsequent implementation of Sector B.

Instead, the Advisory Committee was left in the awkward position of having to accommodate a pre-determined rationale and framework that were inappropriate relative to what members of the industry, especially those involved in film and video production, saw as their needs. More importantly, both the Committee and Agreement management were caught in a situation where there was a lack of industry consensus about the Agreement's priorities and mix of economic and cultural objectives.

The ERDA negotiations were driven by imperatives other than sensitivity to the status of the industry or to the new dynamic which a major agreement would impose (e.g., in increasing the scale and scope of industry operations, stimulating new investment and competition, and reorienting cultural workers to more entrepreneurial objectives.) Pressure to complete an arrangement prior to an anticipated federal election in 1984 reduced the time for planning and verification.

For Manitoba, in particular, ERDA offered a fortuitous means to realize the Government's commitment to embark on new initiatives for cultural industries. These initiatives had been in the early stages of development when they became integrated with negotiations for the Agreement.

For some of the federal negotiators, ERDA was an opportunity to fund additional capital projects which could complement other inter-governmental initiatives then underway in downtown Winnipeg. Thus,

much of the federal funding under Sector B was initially to be limited to development of hard infrastructure.

Industry response was conditioned, in part, by the fact that the intent and scale of the Agreement were a marked departure for both levels of government. Their involvement in regionally or provincially-targeted film, video and audio development offered new opportunities, but also created a new competitive environment. Thus, different interests were encouraged to jockey for relative advantage – not an unexpected response in anticipation of an infusion of public funds, but one which helped fuel divisiveness and controversy over the Advisory Committee and its recommendations.

A pre-Agreement consultative process would not have eliminated competing objectives and interests. However, it would have better alerted both governments to the issues as perceived by industry and to the potential impacts and weaknesses of their Agreement proposals. It also may have pointed to opportunities for consensus-building.

In the absence of this kind of preparation, Canada and Manitoba became locked into a situation requiring a minimum delay of one year in program and project definition under Components 3 and 4. This further revealed the governments' naiveté, especially regarding the film industry where projects have long lead times for script development, financial packaging, production, marketing, and distribution. Even the full five-year term of the Agreement was perceived by some interviewees to be insufficient to realize, or demonstrate commitment to, a stronger provincial or regional industry.

Unanticipated by Agreement designers were the additional controversy and delays that occurred when the consultative process found that hard infrastructure was not where the priorities of the participants lay. Neither the Advisory Committee nor Agreement management was prepared to follow through on the original intent of Components 3 and 4. However, neither was structured in a way that could expeditiously deal with the required reorientation of rationale, objectives and programs.

1.3.3 The Advisory Committee's terms of reference and its composition were two other areas of weakness in Agreement design which negatively affected the Committee and implementation of Components 3 and 4.

Terms of Reference. The primary problem with the terms stemmed from the artificial division between components and implementing jurisdictions under Sectors B and C of the Agreement. The Advisory Committee was asked, in part, to assess overall opportunities, problems and directions for the Manitoba film industry while, concurrently, assumptions and conclusions about these matters were being implemented by the Province through the establishment of Film Manitoba.

Indeed, different research needs, public hearing issues and recommendations may have been identified had the Advisory Committee's terms of reference been more logically designed. In practice, the Committee was left in a difficult position once it became evident that the original framework for Components 3 and 4 was not consistent with the priorities of the industry. The Committee's response was to devise program and budget recommendations that could accommodate and stretch that framework while also complementing Film Manitoba. Its proposals for delivery signalled the need to remove the structural division between Components 3, 4 and Film Manitoba.

Among other problems with the terms of reference:

- There was a lack of clarity in the directive to examine how public production capabilities or requirements could be integrated with those of private and independent producers. Except perhaps for its Brandon study, the Committee did not discuss this issue in depth. One evaluation interviewee suggested that a window of opportunity was lost as a result, since it appeared during public hearings that some broadcasters were interested in the possibilities of cooperative endeavours to improve access to their facilities for training purposes.
- If the expectation was that the Committee should have

examined in some detail the problems and opportunities facing native, Franco-Manitoban or other subgroups, a specific term of reference should have been defined to direct that this occur.

Composition of the Committee. The members represented at the time a predominately private sector perspective. A wider representation of sectoral interests might have been more appropriate given that the committee's terms of reference called for: (a) an overview of status and prospects in a industry with major public-sector involvement and reliance on public policy-making; and (b) consideration of how to integrate the requirements of private, independent and public producers.

A wider representation of interests may have better alerted the committee to the expectations and sensitivities which would greet its major recommendations, especially since these entailed a reorientation of the original intent and design of Components 3 and 4. It also may have avoided a perception that the committee was biased toward the interests of private commercial producers.

1.3.4 The Advisory Committee failed to provide adequate rationale and analyses to support its major recommendations. As a result, its report was vulnerable to the criticisms of the local industry and the politics of public policy-making in the cultural field.

The Advisory Committee did not fully respond to its official terms of reference. Its final report is, instead, generally consistent with the reworded mandate the Committee adopted after its formation (see Section 1.1) and the tenor of its public hearings.

The Committee did not outline the prospects and problems facing the industry nor did it detail human resource and equipment or facility needs. It did not explicitly address the Carr report or proposed cooperation with the University of Winnipeg. It did not present a full rationale or comparative analysis with respect to its major recommendation for a delivery mechanism. Indeed, it did not even acknowledge that other mechanisms

were possible. It did not address in detail options for cooperative activity between public, private and independent producers or specific alternatives to achieve maximum use of existing facilities and equipment.

Most importantly, the Committee did not present a concept plan in the sense of clearly enunciating what it perceived as the most appropriate future directions for the industry and why. Nor did it suggest specific objectives and criteria for public-sector involvement. Instead, it relied on the unsatisfactorily vague generalities of the Agreement, offering as 'goals' such statements as "increased quantity of product" and "improved quality of product" without indicating what types of products, for what markets, or for what specific ends.

A partial exception was the Committee's discussion of training needs and issues. Here it stressed the importance of establishing a comprehensive continuum of academic education, practical training and professional development. Toward this end, it proposed some production-based programs combined with further study of the options for, and viability of, complementary academic initiatives.

Former members of the Committee argue that they did respond appropriately to their terms of reference given the industry's status at the time; the combined economic and cultural objectives of ERDA; the experimental nature of the Agreement and of public policies for developing a regional industry; and the directive to present their proposals within the framework of the Agreement.

Their insistence on an arm's-length delivery mechanism was seen to be consistent with the Agreement. The Province's film advisory committee earlier had sought a commission or agency to be an instrument of provincial policy in this field. That idea had carried forward into discussions about whether Film Manitoba might become a quasi-independent agency rather than being directly administered by a line department. The concept was reinforced by five of the Advisory Committee's consultants who called for independent agency structures in their respective reports on training, equipment and marketing. There also appears to have been consensus among participants in the consultative process about the desire

for an arm's-length agency. However, there was no consensus on who should control it or how it should relate to government. Despite requests from the Steering Committee to the contrary, the Advisory Committee chose not to expand this part of its report to analyze delivery alternatives.

The Committee's recommendations clashed with expectations that had built around its official terms of reference and around the Provincial Government's new policy interest in cultural enterprises. In addition, the Committee opened debate on the original federal rationale for Components 3 and 4 without providing a solid alternative rationale for its proposed program mix. These factors made the report an easy target for those who saw it as too oriented to private-sector, commercial production or too oriented to economic rather than cultural objectives. Most importantly, the report was vulnerable to attack from provincial officials and consultants because it was not perceived as sufficiently sensitive to Manitoba's need to maintain some means of leveraging federal dollars, given what was perceived as the absence of adequate support for the province's cultural enterprises from Telefilm and other national cultural agencies.

At least three ironies emerged from the ensuing controversy:

- creation of a series of programs but still no clearly enunciated, measurable objectives for overall industry development - objectives that, while demanded of the Committee, have still not been produced by CIDO, the Steering Committee, or Agreement management;
- establishment of a delivery mechanism that is perceived to be, but structurally is not, truly arm's-length from government or Agreement management; and
- redirection of half the funds under Components 3 and 4 to production on the assumption that this would be linked with training, whereas no human resource development plan was established to prevent initiatives from becoming ad hoc.

1.3.5 Agreement management was not able to resolve the divisiveness which arose over the issue of a delivery mechanism. The matter was allowed to degenerate into protracted and polarized competition for control between governments and elements of the industry. As a result, there was little exploration of the potential for a middle-ground solution, e.g., a public-private partnership.

The multiple layers of Agreement management, coupled with complicated internal approval processes for both parties, exacerbated the controversy, personality conflicts and decision-making delays which marked the response to the Advisory Committee's report.

While program design proceeded relatively smoothly through the Steering Committee, there were protracted negotiations and indecision about a delivery mechanism. No one took an effective leadership or mediating role to draw the various points of view beyond what they did not want to some early resolution of what they could accept. The issue thus degenerated into a struggle for control between polarized centres of advocacy. Ironically, the Province became the major critic of the Advisory Committee's recommendations; federal officials appeared more receptive to the Committee's approach and proposals for industry development even though these significantly reoriented the original federal rationale and funding allocations for Components 3 and 4.

Neither the Advisory Committee nor the Steering Committee provided a middle-ground option that would have involved a joint private-public partnership, even though this concept had been employed under at least one other ERDA; was a popular contemporary notion with respect to economic development; and was consistent with the thrust of the Agreement in terms of establishing potential long-term industry infrastructure and encouraging private investment.

Available documentation indicates that there were various suggestions by DOC which attempted to incorporate something more than a purely

advisory role for industry. However, only those options which involved direct or joint delivery by Canada and Manitoba, and/or their departments and agencies, were reviewed seriously. As a result, the industry has been left dependent on an agency whose lifespan, mandate and decision making are determined by the Agreement – and an agency that has had to undergo an immersion period in order to establish its role.

It was suggested during evaluation interviews that a more proactive monitoring or coordinating role by the Steering Committee may have resulted in earlier detection by Agreement management of potential problems with the Advisory Committee's research and proposed approach and recommendations. However, there apparently was an early agreement by Management Committee to respect the advisory group's independence. Thus, no official endorsement was given to an early plan by the Steering Committee for progress reporting by the Advisory Committee and for an emphasis on initiatives that would take advantage of opportunities in broadcasting. As well, coordination responsibilities were assigned to the co-secretaries, not the Steering Committee.

As indicated in Section 1.2, initial reaction by Agreement management to the advisory group's draft recommendations was cautious but positive. Available information does not indicate that Agreement management had developed a unified position or desired to redirect the Advisory Committee prior to its final report, even had there been closer monitoring or coordination.

- 1.3.6 The governments' response to the Advisory Committee's report was a marked departure from the original design of the Agreement. It resulted in an additional layer of Agreement management, high administrative costs, and a large program menu oriented to production. Some major training issues were also left unresolved.**

Formation of CIDO is perceived to have injected needed flexibility, consolidation and profile into program delivery. However, rather than yielding a more streamlined ERDA decision-making structure, it also has

introduced an additional layer of Agreement management.

There are multiple ties linking CIDO and ERDA. These include contractual arrangements between the general manager and each of the two governments; management relationships with the Steering Committee and Management Committee; a distinctive monitoring and advisory role assigned to the Steering Committee; and, most recently, the dual reporting responsibilities of an industry-based advisory group to the CIDO general manager and Management Committee. This overly complex structure has the potential to reduce accountability, diffuse responsibility and enhance conflict.

Some evaluation interviewees criticized the administrative costs associated with CIDO. The recommendations of the Advisory Committee and the establishment of CIDO both anticipated an increase in the administrative costs of the Agreement. This reflects the number and non-capital nature of the programs that were implemented; the failure to streamline the ERDA decision-making structure in concert with the establishment of CIDO; an initial Agreement design that underestimated administrative needs; and the realities of starting up a new delivery system for cultural programming.

With respect to the program menu, a number of evaluation interviewees complained that both the Advisory Committee and Agreement management proposed too many programs, some of which appear to be premature relative to the status of film, video and audio enterprises. The multiplicity of programs complicates the application process for both proponents and delivery agents, and gives the appearance of trying to please all interests rather than developing a firm sense of direction.

Both the Advisory Committee and Agreement management are seen as putting too much emphasis on film production and too little on marketing, distribution and building on existing strengths in non-theatrical production. There also were some complaints about the appropriateness of the special projects program which is perceived to primarily benefit non-Manitoba producers.

The primary weakness of the program options selected by Agreement management generally is perceived to be in the training area. This was not a priority during CIDO's first year even though it was the *raison d'être* for the substantial reorientation of funding to production under Components 3 and 4. The activities which did occur tended to be ad hoc. The harshest critics perceive that the concept of a training continuum has been abandoned to the detriment of long-term human resource development and that training funds have become just another subsidy to producers.

2.0 ETHNOCULTURAL COMMUNICATIONS CENTRE

The Ethnocultural Communications Centre (ECC) proposal is Component 5 under Sector B, Cultural Enterprises Infrastructure Development, of the ERDA Subsidiary Agreement (Schedule A).

The proposal's stated intent was to respond to the communications needs of ethnocultural communities dispersed throughout the country by supporting the acquisition of state-of-the-art technology and office space for a Manitoba-based, national news bureau (or media wire service) to gather and disseminate information of interest to the communities.

The component was to be jointly implemented, and its \$500,000 allocation was to be equally cost-shared by Canada and Manitoba.

2.1 Component Background and Status

Available documentation on the origin of the ECC is incomplete, and contradictory perspectives are voiced by evaluation interviewees. It is evident, however, that:

- This proposal was a late addition (i.e., in the spring of 1984) to federal-provincial negotiations on the Agreement.
- It was introduced during a period when there was pressure to accelerate the negotiation process in order to reach a conclusion prior to an anticipated federal election.
- Particular support for its inclusion came from political and bureaucratic elements within the federal government.

The proposal emerged from the concurrent activities of the Ukrainian Community Development Committee (UCDC) and the Manitoba Regional Office of the federal Department of the Secretary of State (Sec State).

In 1983-84, the UCDC obtained funding from Sec State's multi-

culturalism program (headquarters) for a feasibility study on a national communications network for the Ukrainian community. This study, completed by Dr. Ken Clowes of the University of Manitoba in April 1984, recommended establishment of a national Ukrainian newspaper published weekly in English. The newspaper was to be based in Winnipeg and connected by computer and telecommunications technologies to four regional news bureaus and individual correspondents.

Based on the preliminary findings of this study, the Manitoba regional office of Sec State developed a project proposal in January 1984 for an Ethnocultural Communications Production Centre. Phase I was to involve establishment of a national news-gathering network linking Winnipeg with six other Canadian cities via the Envoy 100 transmission system. Under Phase II, the UCDC proposal was to be implemented as a pilot project, resulting in a weekly English-language Ukrainian newspaper, weekly newscasts to be used by radio and television stations, and wire copy provided on a daily basis via print terminals leased to community agencies. Access to the network was to be opened to other interested ethnic groups in Phase III.

By April 1984, UCDC was seeking federal and provincial support for inclusion of the newspaper/communications centre project in the Agreement. The matter also became the subject of correspondence and discussion between the regional offices of Sec State and DOC, leading ultimately to its inclusion as Component 5 of the Sub-Agreement.

Shortly after the Agreement was signed, a company formed through UCDC (56130 Manitoba Ltd.; later, the Comedia Corporation) applied under ERDA for \$20,000 to develop a business plan and organize private financing for the project.

This request initiated an extended period of review and negotiation involving Agreement management, other federal and provincial representatives, and the applicants. Comedia expanded and resubmitted its application for preliminary funding in early 1985. However, efforts to develop a mutually acceptable focus and terms of reference for further project planning were not successful and the Comedia application was not approved.

On May 4, 1987, Management Committee agreed not to pursue the concept of a national news bureau any further. The co-secretaries were directed to consult with the ethnocultural community as to possible alternative projects which could be funded under Component 5. This decision was reaffirmed at the Committee's June 22, 1987 meeting on the assumption that the original proposal was not economically feasible.

Consideration was given to the possibility of linking Component 5 with planning then underway for redevelopment of the CNR East Yards in downtown Winnipeg. A broadcast centre and a multicultural centre were among the ideas being proposed. However, Management Committee opted in the latter part of 1987 for: (a) a review of ethnocultural broadcasting and film/video/audio production activities in Manitoba, and (b) a consultative process to identify and develop project initiatives which could be undertaken within the life of the Agreement.

A project authorization allocating \$15,000 for the review and consultation was signed in March 1988 but implementation was interrupted by an unexpected provincial election. As of June, the status of Component 5 remained under review. Interest was voiced by evaluation interviewees at the federal level in reallocating the funds to Component 1 (Technology Applications), where demand for project funding was expected to exceed available monies.

2.2 Evolution of the Rationale for the ECC

As originally outlined in Schedule A of the Agreement, Component 5 reflected the rationale developed by Sec State - i.e., that a technology-assisted, news-gathering network was a feasible response to the need among major ethnocultural groups for improved forms of intra-community communication.

Sec State had proposed combining the network with a production centre to enable preparation of original news material for print and broadcast media, production of a newspaper and regular radio/television programs, and exchange of news material prepared by others. However, the wording

of Component 5 was more limited, emphasizing the news bureau rather than the production centre.

For the proponents of the UCDC/Comedia proposal, the primary concern or rationale was the state of communications within the Ukrainian community, in particular, the perceived inadequacy of existing Ukrainian newspapers. While the proponents attempted to blend their proposal with the rationale for Component 5, their focus remained on establishment of a newspaper and regional news bureaux for the Ukrainian community. How this structure would relate to and incorporate other groups was not well defined.

The Clowes study contained some information on other ethnic media. However, available ERDA documentation does not reveal any formal pre-Agreement needs assessment of the situation or communications priorities of other ethnocultural groups.

Thus, the Ukrainian proposal dominated initial consideration of Component 5 by Agreement management. Early working papers indicate a preoccupation with meeting the perceived needs of the culturally-based print media; clarifying the relationships between the Comedia application and Agreement objectives; and defining an appropriate implementation strategy that would accommodate Comedia and, eventually, other groups.

As Agreement management became more familiar with the proposal, the rationale for the ECC began to evolve, particularly within the federal government:

- The ECC was seen as an opportunity to develop more distinctive cultural products by improving the level and quality of news coverage on matters relevant to ethnocultural communities, including coverage that was sensitive to, and could convey, different cultural perspectives.
- The ECC held the potential of linking ethnic and mainstream media, thus expanding audiences for the former and facilitating cross-cultural, not just intra-community, exchanges.

- After initially concentrating on the role of the proposed news service vis-à-vis print media, Agreement management returned to Sec State's concept of a multi-media centre communicating with both print and broadcast users.

This evolution of rationale helped set the stage for conflict with Comedia's more limited priorities.

2.3 Issues Identified by Agreement Management

Several issues emerged as the federal and provincial governments undertook separate internal reviews of Comedia's applications. The list of concerns grew over time, contributing to increased caution by Agreement management in responding to the proposal.

Relationship to Agreement Objectives and Design. It was asserted in early federal working papers that the Comedia proposal and ECC concept were consistent with the broadly-worded objectives of the Agreement. However, expectations of cultural and economic benefits were vaguely defined.

Two main concerns arose over consistency of the proposal with the design of Component 5:

- First, the component did not explicitly include support for establishment of a newspaper even though its genesis was related to the UCDC study and proposal. Much of the negotiation between Agreement management and Comedia involved the former's attempts to distinguish between the news service and the newspaper in determining plans, markets and financial feasibility. For its part, Comedia maintained that the two were interdependent.
- Second, component design anticipated the involvement of more than one group in the ECC. This issue was raised at the first meeting of Management Committee in July 1984 and continued to

affect the negotiations with Comedia. However, consensus was not achieved on an appropriate strategy to incorporate other groups, particularly on whether their involvement would be as co-decision-makers and managers or simply as fee-for-service users.

Provincial officials were particularly sensitive to this point and sought to test community perspectives on the issue in September 1984 by referring Comedia's application to the Manitoba Intercultural Council for review.

In contrast, DOC initially pursued the phased implementation approach proposed by Sec State. It was asserted in early federal documents that the idea for the centre had arisen as a result of the work done by the UCDC, the feasibility assessment seemed positive, the Ukrainians were the only group ready to proceed immediately, they had a strong track record of producing results, and they were better positioned in terms of resources and infrastructure to attempt to test the concept and provide a base upon which other groups could later build. It also was asserted that there was sufficient time within the life of the Agreement to achieve the integration of other groups, assuming the centre was found to be feasible.

Project Viability. It was argued by some within DOC that the past experience of Sec State with a national native news bureau and ethnocultural newspapers had demonstrated that such projects were not profit-making or economically viable. It also was asserted that, under the intent and terms of the Agreement, the project would have to be self-sufficient by the end of the Agreement.

Based on the findings of the Clowes study, Comedia held that its project would be viable by Year 4 of operations. However, the proponents also argued that financial feasibility depended on the relationship between the proposed newspaper and communications network. Viability of the news service could not be maintained if the two were separated.

Competition with Existing Ethnic Media. Questions were raised within both levels of government about the potential competitive impact of the proposed newspaper on the subscription base and advertising revenues of existing Ukrainian and other ethnic publications. Agreement management also was made aware of the existence of Canadian Scene, a national multicultural news service based in Toronto and run by a voluntary organization since 1954.

Implications of Public-Sector Involvement. Neither DOC nor MCHR provided direct assistance to newspapers, although government support did flow through placement of advertising and federal postal subsidies. The Comedia proposal was seen as introducing a potentially undesirable funding precedent. Additional concerns were voiced at the federal level about the propriety of government involvement, especially given the potential competitive impact of Component 5 activities. There also were federal concerns that support for the Comedia proposal might entangle Agreement management in internal political differences within the Ukrainian community.

Need to Define Alternative Implementing Structures. Within both levels of government, suggestions were made to explore potential implementation alternatives with existing organizations such as Canadian Scene and national and local ethnic press associations. One option was to establish an independent news bureau management group. A second alternative was to uncouple the wire service from the Ukrainian newspaper, such that the service could capitalize on an immediate market of existing ethnic publications.

2.4 Evaluation Findings

- 2.4.1 The ECC was an ill-conceived attempt to parlay the needs or aspirations of a particular group into a generalized strategy to enhance the communications capabilities of ethnocultural communities.**

On the surface, the rationale for the ECC and the basic concept of a cooperative news bureau or production centre appear to have potential merit, especially in terms of improving communications and interchange within and between ethnocultural communities, and between the ethnic and mainstream media.

Moreover, the rationale and concept are consistent with the policy orientation of both the federal and Manitoba governments to support the development, identity and heritage of ethnocultural communities. This orientation has tended increasingly to consider the economic as well as socio-cultural dimensions of multiculturalism, consistent with the approach taken on cultural enterprise development through the ERDA Subsidiary Agreement.

The ECC concept also is compatible with the broadly-worded objectives of the Agreement, particularly in terms of the creation and dissemination of cultural products, market development, technology application and, possibly, human resource development. Indeed, while the ECC was a late addition to the ERDA negotiations, prior consideration had been given to similar projects (e.g., native media centres and community radio stations).

However, specific quantifiable objectives and associated data are lacking to determine whether the ECC might have been the most efficient use of \$500,000 to generate employment, private investment and other economic benefits.

Despite the potential attributes of the ECC, insertion of this particular proposal in the Agreement was plagued by several fundamental flaws:

Lack of Pre-Agreement Assessment. There appears to have been no assessment outside the Ukrainian community on the need for, or priority of, this measure – either by itself or in relation to other development ideas that might have been identified. There also was no independent assessment of project feasibility, including the capacity of other ethnocultural communities to participate in the ECC.

Instead, management inherited a component that, compared to most

others in the Agreement, was narrowly defined and focussed on a particular project. The commitment to infrastructure support for some kind of cooperative news bureau or media wire service limited management's flexibility for assessing and, if necessary, redefining the component. In the absence of broader profile and feasibility data, management did not have appropriate information about alternative strategies and structures for implementing the ECC.

The lack of prior needs identification and consensus-building also meant that there was no particular advocacy for, or ownership of, this project except among its proponents in the Ukrainian community and those within government who originally supported its inclusion in the Agreement. Thus, there was no external pressure from other ethnic groups to counter flagging internal commitment to the ECC when negotiations over the Comedia application stalled and changes in personnel removed key government supporters from positions of direct influence.

Late Addition of the ECC to Agreement Negotiations. Inclusion of this item in the final weeks of negotiation left little time for internal review by either the Provincial Government or DGC. It also made the ECC peripheral to what became the primary orientation of the Agreement - i.e., to support in parallel rather than integrated fashion the development of mainstream technological and cultural enterprises.

There was acknowledgement in the preface to Schedule A of ethnocultural undertakings in broadcasting and publishing. Pre-agreement negotiations included components which, if adopted, would have targeted support to some ethnocultural endeavours. However, interest in this kind of targeting did not survive the drafting of the Agreement, except for the ECC and a commitment under Component 3 (Film, Video and Audio Production Capability) to consider the production needs of native people. Thus, it became less clear as to what extent the Agreement was intended, or should be used, as an instrument of public policy directed at native, Franco-Manitoban and other ethnocultural groups.

Separating the ECC from the Comedia Proposal. Agreement management failed to divorce its planning and decision-making about the

ECC from the UCDC/Comedia proposal. The activities of UCDC had provided the impetus for the ECC concept and continued to dominate attention after the Agreement was signed.

At the provincial level, there was an early inclination to step back from the Comedia proposal to identify alternatives. Agreement management as a whole, however, did not opt for this kind of decisive control of the agenda. It did not independently define objectives, criteria and strategy for implementing this component but, rather, reacted to Comedia. This led to a protracted and eventually unsuccessful effort to accommodate both the design of Component 5 and the desires of Comedia.

The performance of Agreement management indicated that there was little vision or *raison d'être* behind the ECC other than the aspirations of Comedia's proponents. It also left the appearance that Component 5 was never intended to provide anything but support for Comedia.

- 2.4.2 Agreement management failed to respond expeditiously to Comedia's application, even when it became clear in 1985 that there were major questions about the efficacy of the proposal and, in 1986, when DOC was anticipating that Component 5 funds would have to be redistributed. The inability to overcome the negotiating impasse with Comedia, coupled with delays in making a go/no-go decision, reinforced the political sensitivity of this component and increased the likelihood that no effective alternatives would be defined and implemented within the Agreement period.**

Comedia's various applications were before Agreement management for nearly three years. The failure to resolve outstanding issues or terminate consideration of this proposal appears to reflect a low priority for Component 5 and an increasing lack of commitment to its implementation. Correspondence subsequent to negotiations with Comedia in 1984 and 1985 was sporadic and marked by lengthy intervals during which replies were awaited from either the proponents or Agreement management.

Several factors contributed to decision-making delays:

- preoccupation of Agreement management with design of Components 3 and 4 and establishment of CIDO during 1986 and part of 1987;
- apparent lack of consensus between federal and provincial officials about how to handle the Comedia proposal, as well as uncertainty about the impact of terminating negotiations with Comedia;
- loss of political and bureaucratic supporters for the ECC concept as a result of personnel changes;
- Comedia's apparent intransigence on the main negotiating issues;
- the failure of the Steering Committee or Management Committee to seek alternative implementation strategies or project proponents and to define an agenda for management of Component 5;
- attempts by DOC to distance itself from involvement with this component, including encouragement to Manitoba to assume the role of implementing jurisdiction.

Lack of information, coupled with a reactive approach to Comedia, left Agreement management in a weak negotiating position. Indeed, management had difficulty articulating to Comedia just what type of project planning and development it would endorse in the initial phase. In August 1984, management thought it needed an implementation plan. By December, the need for a market study had been identified. As major issues were identified by government analysts, there was a requirement for more detailed research, including information on markets, private investment, competitive impact, organizational development, representation of other ethnocultural groups in the news network, and the ability of the proposed newspaper to be a self-financing commercial venture.

Even when the decision was made to terminate consideration of the

news bureau concept, it took Agreement management some nine months to complete a plan and project authorization for a new profile and consultative process. As a result, timing for the proposed process was very compressed and federal opinion was voiced at the March 1987 meeting of Management Committee that there was only a small expectation of project implementation.

2.4.3 Weaknesses in the design of Component 5 and the structure of Agreement management hindered effective decision-making and action.

Three main weaknesses have been identified:

DOC Expertise and Mandate: As the lead implementing agency at the federal level, DOC lacked a mandate in, or close familiarity with, multicultural policies. This meant that within DOC's regional office, a learning period was needed to develop appropriate contacts and understanding of the potential implications of the ECC/Comedia proposals. Reliance initially was placed on Sec State, given the role of that department's regional office in developing the ECC concept and its presence on the original Steering Committee for Component 5. Over time, however, DOC began to diversify its contacts, especially in Ottawa, in order to test the Comedia proposal. Concern was also quickly expressed by DOC's information services in Ottawa about the propriety of involvement in a project that appeared to give public support to a potential competitor for existing ethnic publications.

Joint Responsibility for Implementation. Over time, the assignment of joint implementing responsibility for Component 5 only reinforced the paralysis in decision-making and the apparent reluctance by either level of government to assume leadership or more proactive management of the component. ECC decisions had to go through a long process where decisions had to be vetted through three levels of management - i.e., Canada, Manitoba and the Agreement's Steering and Management Committees. This complex and amorphous management process created problems for the project proponents in determining with

whom they should be negotiating and where ultimate decision-making responsibility lay.

Weak Federal-Provincial Coordination. Intergovernmental coordination within this component was not very effective during the first two to three years of the Agreement. Both parties undertook their own reviews of the Comedia submissions rather than pursuing a concerted joint review. Indeed, Manitoba initially had its own interdepartmental subcommittee. The original Agreement Steering Committee appears to have been short-lived with sporadic efforts to reconstitute it. Changes in political and bureaucratic personnel at both levels of government also created discontinuity in understanding of, and interest in, the ECC and Comedia's proposal.

From the federal perspective, the apparent opposition of some provincial officials to the Comedia proposal was seen as a key stumbling block to progress. However, it is evident that some DOC officials in both Ottawa and the regional office also had serious reservations and, thus, moved cautiously on the proposal. From the provincial perspective, there appears to have been concern about the role of Sec State in this matter and a desire to reduce that department's influence over Component 5.

There is some indication that federal-provincial coordination became effective once Management Committee made its 1987 decision on the news bureau concept and the Steering Committee was re-established to define an alternative strategy. However, this process has been stalled since the provincial election.

2.4.4 Evaluation interviewees expressed mixed views about the future of Component 5. To some, the most viable option at this late point is to reallocate the monies to operational components rather than attempt to revive a defunct one. To others, a consultation strategy to identify new projects for funding under the component is a belated but welcome recognition of the developmental status of many ethnocultural groups.

Reallocation of the \$500,000 may be an expedient and efficient option. However, it may also be controversial since the decision in May/June 1987 to define an alternative strategy for Component 5 reinforced expectations of targeted delivery of programs and funds to ethnocultural groups.

Interest in reallocating cost-shared funds to Component 1 (solely under federal jurisdiction) may leave the Province's half of the ECC commitment outstanding, unless both Ministers approve an amendment to the Agreement. CIDO, a possible cost-shared beneficiary, currently does not require an additional infusion of funds.

In any effort to reallocate the ECC funds, but to maintain some degree of the intended targeting to ethnocultural projects, a needs assessment and clarification of the linkages with multicultural policies and programs should be undertaken. These are prerequisites to avoid repeating earlier problems in defining rationale, appropriate objectives, program and project criteria, and implementation strategy.

As well, terms of reference for a needs assessment should include technology applications. Some evaluation interviewees identified new heritage language software as an area of growing interest and development, with the potential for economic spin-offs from export markets. Inclusion of technology in the review would be consistent with overall Agreement rationale and objectives.

There is some support among evaluation interviewees for proceeding with the proposed profile and consultative process. It is argued that this is an appropriately-timed initiative in terms of the developmental status of many ethnocultural groups and that there is a need to assess their progress and identify opportunities in the fields encompassed by the Agreement. The initiative also could stimulate existing enterprises to address multicultural needs or opportunities or, perhaps, encourage new industry-community partnerships. Without modifications in the Agreement, however, the limited time remaining for new commitments carries the risk that opportunities will be identified too late for an adequate ERDA response, particularly if there are no alternative programs under which a viable project idea can be accommodated. A second risk is ..

that only the most readily available projects will be considered, resulting in the funding of projects that otherwise might have had access to alternative sources of support.

- 2.4.5** If an extension of the Agreement is approved, management should undertake an assessment of the communications and cultural industry opportunities within ethnocultural communities, in consultation with them. Remaining Component 5 funds should be held pending the parties' consideration of the assessment findings and a decision on whether to respond with new programs in this field. If the Component is reactivated, the governments, after determining and communicating any limitations on the types of proposals they are prepared to consider, could fund appropriate projects. If no projects were deemed acceptable or viable, the funds could be either reallocated or allowed to lapse. However, if there is no extension of the Agreement by March 1989, or if there is no agreement as to an immediate successor arrangement, Component 5 funds should be allowed to lapse.

We recommend that the Agreement be extended for two years to March 31, 1991 (see Part 1, Section 10.1). Adequate time should then be available for Agreement management to resume its plans for an assessment, consultative process, and possible redesign of Component 5.

The forms of consultation used with ethnocultural communities might be modified from those initially anticipated, if it were determined that the exercise should have a reduced profile. In addition to the items noted in Section 2.4.4 above, the assessment should include analysis of any distinctive barriers which ethnocultural communities encounter in attempting to access existing government programs in the communication technology and cultural enterprise areas. The review should not preclude the possibility that proposals will emerge that are highly consistent with the original design of Component 5.

The findings could provide input for revised programming under an extension of the Agreement or a new federal-provincial arrangement that addresses ethnocultural needs. They also could identify changes that may make existing government and ERDA programs more accessible or relevant to the communities. In any continuation or reprogramming of the Component, the governments should also define and then clearly communicate any particular types of projects, e.g. newspapers or other concepts, that will not be considered for funding. This should avoid the kind of confusion and unrealized expectations that afflicted delivery of the original program.

After an appropriate period during which the program is given a "last opportunity" to work, should it be determined by Management Committee that any portion of remaining funds will not be expended, the Committee should either make reallocations to other components that require supplementary resources or allow them to lapse.

We also recommend that Component 5 funds should be allowed to lapse, if there is no extension of the existing Sub-Agreement or no agreement as to a successor federal-provincial arrangement to which the monies might be transferred.

3.0 PUBLIC INFORMATION

Public Information is Component 8 under Sector D (Management, Public Information, Evaluation) of Schedule A in the Agreement.

3.1 OBJECTIVES AND MANAGEMENT

The primary mandate of Component 8 was "to inform the public regarding the objectives, the strategy, programs and projects of this Agreement." In addition, the intent was "to encourage the private sector to take advantage of the opportunities created by this Agreement." (Schedule A)

Several communications parameters were set out in Section 11 of the main body of the Agreement, including the directive that:

In all public information activities, the parties hereto will be guided by the principle that all interested persons should be kept informed, that the contributions of both parties to the provincial economy through the ERDA process should be fairly acknowledged, and that both parties hereto should have a fair opportunity to participate. (Section 11.2)

The parameters were consistent with the Public Information requirements of the master ERDA and with guidelines developed in 1985 to ensure a cohesive approach to communications across all subsidiary agreements.

These guidelines contained four objectives for ERDA information activities (Communications Guidelines, July 1985):

1. To acknowledge the role of Canada and Manitoba in regional and economic development.
2. To create general awareness and to enhance public understanding of the contributions and initiatives undertaken by the federal and provincial governments toward Manitoba's further economic and regional development.
3. To ensure that sectoral target publics, including the public-at-large, are made aware of the programs offered and the developments realized under each of the ERDA subsidiary agreements.

4. To encourage cooperation between the two levels of government in order to ensure that communications projects are implemented in an effective and efficient manner.

The guidelines included the requirements that materials and activities be in both official languages; that materials meet common visual identity specifications; and that there be consistency in the credit lines used to acknowledge ERDA contributions.

The Agreement's Management Committee was responsible for ensuring the preparation and approval of a public information plan; developing a system to disseminate information to the parties and the public; and giving pre-release approval to information on cost-shared projects. Communications arrangements for non-cost-shared projects were the responsibility of the implementing jurisdiction (Sections 5.4 and 11 of the Agreement).

The budget for Component 8 was \$200,000 (federal: \$125,000 or 62.5%; provincial: \$75,000 or 37.5%). These funds were for eligible costs as defined in the Agreement, i.e., for communications concerning cost-shared projects. However, Management Committee had the discretion to determine that communications concerning non-cost-shared components were eligible as well (Sections 8.2 and 11).

Staffing costs for the designated federal and provincial communications coordinators fell under Component 7, Management.

3.2 BACKGROUND AND STATUS

DOC initially had lead responsibility for Component 8, including development of a federal-provincial Steering Committee and a communications strategy.

The strategy paper, which was accepted as a guide by Management Committee in August 1984, asserted the premise that the public in Manitoba was interested in constructive cooperation between the two levels of government and in concrete results from the ERDA process. Thus,

communications activities should focus on:

- public awareness of the cooperative role of Canada and Manitoba in the fields of communications and culture and, more generally, in regional economic development;
- public recognition of communications and culture as growth areas in Manitoba's service-oriented economy;
- achievements and benefits under the Agreement ("...communications activities...should stress the positive aspects of previous and future ongoing federal/provincial involvement in communications and cultural enterprises and the anticipated benefits");
- public support for the timely and successful completion of Agreement projects.

Target audiences, communications principles, procedures, suggested activities by Agreement component, and planning and implementation responsibilities were outlined in the paper.

It was anticipated that annual communications strategies would be prepared, consistent with this 1984 framework. These plans were to focus on general progress under the Agreement while complementary project-specific strategies were to accompany each project authorization (PA).

It was proposed that the designated federal and provincial communications coordinators be responsible for overall planning and coordination (subject to Management Committee approval); development and implementation of project-specific strategies in concert with project managers; ensuring media awareness on an ongoing basis; and monitoring the effectiveness of Component 8 activities.

Management Committee added two directives about communications during the initial years of the Agreement:

- Ministers' meetings should receive special emphasis (August 1984); and
- Component 8 funds should promote the Agreement and not specific projects or companies (January 1986).

In practice, implementation of the Public Information component was driven by the pace of progress under the Agreement (see Table 3.1). While a number of activities occurred under the direct auspices of Component 8, others were the result of implementation strategies employed under other components. These included, for example, promotion of the Technology Applications component at trade fairs and through a direct mail campaign to solicit project proposals; locations marketing under the Canada-Manitoba Cultural Industries Development Office (CIDO); and outreach and public hearings by the Film/Video/Audio Advisory Committee.

The first annual Agreement-wide public information strategy was not produced until 1988. However, PAs have included reference to anticipated project-specific communications activities. As well, MCHR has required its Cultural Industries Branch to provide a yearly projection of activities under Component 6.

No overall PA has been developed for Component 8 (as of June 1988). Tentative plans for one were put on hold in 1986 pending finalization of program initiatives under other components and resolution of Manitoba's concern about the projected budget distribution, especially for Component 6.

Instead, Management Committee has approved proposed expenditures for specific activities, such as a reception introducing Film Manitoba, hospitality associated with Ministers' meetings, and various print materials (e.g., letterhead, brochures, media kits). Not all allocations have been expended, however. By the end of fiscal 1987-88, only \$16,100 had been spent under Component 8.

TABLE 3.1
PUBLIC INFORMATION ACTIVITIES
UNDER THE SUBSIDIARY AGREEMENT
(to May 1988)¹

<u>YEAR</u>	<u>ACTIVITIES</u>	<u>AUSPICES</u>
1984	announcement of Agreement	Sponsoring Govts.
1985	announcement of Advisory Committee	Comp. 8
	outreach/request for briefs/public hearings in Winnipeg and Brandon/research surveys under Advisory Committee process	Comp. 2, Adv. Committee
	announcement of Electronic Publishing Program and advertisements in various Manitoba publications requesting proposals under the program	Comp. 1, DOC and 8
	reception launching Film Manitoba programs, including video retrospective on 25 years of Manitoba-made products	Comp. 6, Manitoba Govt. and 8
	ongoing promotion of Film Manitoba	Comp. 6, Manitoba Govt.
	press conference and associated announcement/background materials on Component 1, particularly the MCALC courseware development project and funding of six projects under the Electronic Publishing Program	Comp. 1 and 8
	publication of Year 1 progress report	Comp. 8
1986	announcement/public release of the Advisory Committee's report, followed by distribution of the report, receipt of written responses and round-table discussions with interested parties	Comp. 3, 4 and 8
	participation of Component 1 in the Winnipeg Chamber of Commerce Business Show	Comp. 1, DOC
	ongoing promotion of Film Manitoba	Comp. 6, Manitoba Govt.

[Table 3.1 continued]

<u>YEAR</u>	<u>ACTIVITIES</u>	<u>AUSPICES</u>
1987	Strategic Options Workshop, Comp. 1, in Brandon, followed by a targeted, direct-mail campaign and print advertising to solicit project proposals	Comp. 1, DOC, assisted by outside consultant
	participation by Comp. 1 in Micronex '87 in Winnipeg	Comp. 1, DOC
	news conference and associated announcement/background material on establishment of CIDO and Comp. 3/4 programs	Comp. 8 with CIDO and Comp. 3/4
	appointment announcements on CIDO staff	Comp. 8 and CIDO
	ongoing promotion of CIDO programs, including marketing under the locations program	CIDO, Comp. 3/4 and eventually Comp. 6 (Film Manitoba)
	two announcements on the marketing grants program for Manitoba publishers	Comp. 8 with Comp. 6, Manitoba Govt.
1988	ongoing promotion by CIDO (including film launches)	CIDO, Comp. 3, 4, 6
	hiring of outside consultant to prepare a progress report	Comp. 8

Note:

1. The table's contents exclude references to communications by enterprises which received ERDA funding. Also excluded are references to media coverage stimulated by the activities listed above or by other means (e.g., media-initiated pursuit of ERDA stories). For example, there was some local and national media coverage of the book purchasing program under Component 6 in 1985-86. There also was media coverage of the delays in finalizing programs under Components 3 and 4.

Sources:

Available file data.

Implementation has been affected by administrative discontinuity. Turnover of designated communications coordinators at both levels of government contributed to the need to twice (in 1987 and 1988) reconstitute the Steering Committee, later called the Communications Working Group. There also was a need to develop guidelines for the working relationship between this group and CIDO which has assumed the main delivery responsibilities for communications under Components 3, 4 and 6 (Film Manitoba).

Delays in reaching agreement on the appropriate visual identity for ERDA communications materials, including a temporary Manitoba government freeze in 1985 on some ERDA information activities, also affected initial implementation of Component 8.

By mid-1986, it was recognized within DOC that Public Information was a problem area. Over the next two years, Management Committee indicated increased concern about communications. In March 1988, the Committee noted that there was some urgency to achieving positive publicity about the Agreement.

Three key changes have occurred during 1987 and 1988 in the approach to Component 8 and information activities under other components:

- use of outside consultants to assist with outreach and public relations;
- more proactive promotion of certain components, especially under the Technology Applications component and CIDO;
- development of a detailed strategy covering the remainder of 1988 and 1989, and the proposed expenditure of the approximately \$150,000 outstanding in the Component 8 allocation. A PA is to be prepared to cover the implementation of this strategy.

3.3 EVALUATION FINDINGS

3.3.1 Activities under Component 8 are generally perceived to have been ineffective in promoting the Agreement. Views are more mixed about the performance of this and other components in communicating program-specific information under Sectors A, B and C (Components 1 to 6) of the Agreement.

Most evaluation interviewees were critical of Public Information activities under the Agreement. The general view is that Component 8 has been ineffective in obtaining sufficient public awareness and favourable recognition of Agreement goals, efforts and achievements.

In the main, the criticisms appear to be based on the perception that the level and profile of activities have been inadequate. Thus, there has not been much impact on the public or any ground swell of support for the Agreement. Some concern also is voiced about negative media coverage, especially in conjunction with controversy over the report of the Film/Video/Audio Advisory Committee and subsequent delays in implementing programs under Components 3 and 4.

Views are more mixed regarding the communications performance of specific components and programs.

Representatives of potential program beneficiaries under Components 3, 4 and 6 expressed general satisfaction with the amount, quality and appropriateness of information available to them once programs were defined. Complaints, if any, related to program criteria and implementation. (In one instance, the need for more French documentation and bilingual services also was stressed.)

The Film/Video/Audio Advisory Committee (Component 2) generally is perceived to have conducted effective outreach in order to stimulate briefs and attendance at its public hearings.

Dissatisfaction with Component 1, Technology Applications (see

Section 3.3.2), appears to have lessened once program management became more proactive in its communications and promotional activities. Indeed, the concern of Management Committee now is focussed on the potential that additional information endeavours might overstimulate demand that can not be met within program funding limits.

The original design and attempted implementation of Component 5, the Ethnocultural Communications Centre, involved limited Public Information activity. The proposed redesign of this component, if it were to proceed, would involve more active communications and outreach.

3.3.2 Lack of evaluation criteria and data inhibits assessment of the Public Information function. Nonetheless, criticisms of Component 8 appear to be more appropriately directed at the design and management of the Agreement than at the performance of communications activities.

The ability to compare the subjective perceptions of evaluation interviewees with more objective measures of communications performance is inhibited by the absence of quantifiable goals for Component 8 and data on the impact of information activities. As outlined in Sections 3.1 and 3.2, the mandate and objectives established for Public Information are very general and do not set particular milestones or levels of expected achievement.

The August 1984 strategy paper contains proposed component-specific "objectives", but these are more in the nature of how and what will be communicated than why and what is intended to be achieved in the process. In addition, the strategy paper does not provide any overall sense of priorities in terms of, for example, target audiences or the relative importance of promoting the Agreement to the general public compared to specific publics. As a result, there are no common criteria or expectations by which evaluators and evaluation interviewees can assess performance.

Such criteria might have been developed if plans for continuous moni-

toring of the impact of the Public Information function had been undertaken, including proposed before-after surveys of public awareness of the Agreement and regular analyses of media coverage and communications to target audiences. However, there appears to have been little priority or effort applied to this kind of ongoing evaluation.

Available data do indicate that:

- printed materials generally have borne common visual identification, although the finalization of an acceptable design did not occur until 1986 (at least one 1985 news release was issued on DOC letterhead);
- printed materials produced under the Agreement consistently acknowledge the participation of the two governments;
- efforts consistently are made to ensure representatives of both parties are included in receptions, news conferences, film premieres, and other similar events;
- as outlined in Table 3.1, a number of communications-related activities have been undertaken, consistent with the pace of progress under the Agreement;
- the activities have been directed at both the general public and target audiences;
- the activities largely have been component or project-specific rather than Agreement-wide in scope.

In general, it would appear that the potential for significant public impact is weak because communications activities have been too sporadic and have lacked an Agreement-wide message or theme. (With respect to the latter, the Winnipeg Core Area Initiative [CAI] provides an important contrasting model. Its communications have been on two distinctive but interrelated levels - one which stresses the overall context, rationale and purpose of this tri-level agreement; the other which outlines specific

programs or projects and how these correspond with CAI goals and perceived inner city needs.)

As discussed below, weaknesses in design and management have limited the Agreement's ability to develop a higher public profile and to more effectively promote its various components. Responsibility for shortcomings in the Public Information function primarily are due to these weaknesses.

Where Component 8 can be faulted is in its failure to be more assertive in getting Agreement management to adjust strategy as these weaknesses became apparent. In particular, component managers might have been more assertive in ensuring that leadership and priority were given to communications with target audiences. Expectations of, or attempts to gain, widespread recognition and support among the general public were and still are misplaced, given the fragmentary and specialist nature of Agreement components. The more realistic strategy would have been to ensure that target audiences were carefully defined, well served by communications activities and, as a result, fully participating in Agreement programs or knowledgeable about its activities and achievements. In this way, Component 8 may have been able to more effectively assist the operation of other components and, concurrently, may have cultivated understanding and support among key publics (e.g., potential program beneficiaries; members of relevant industry associations; economic development planners; recipients of spin-off benefits from ERDA activities; and potential market sources for ERDA-stimulated products).

3.3.3 Development of a pro-active Public Information function with a common communications theme or focus was hindered by weaknesses in Agreement design and implementation. These included fragmentation of projects and of Agreement management, pre-definition of some components, delays in implementation, the developmental nature of some projects, and reduced political profile.

Several weaknesses in Agreement design have negatively affected communications performance:

Fragmentation of Components and Agreement Management. The Agreement was something of a catch-all for various project initiatives rather than an integrated strategy for development of communications and cultural enterprises in Manitoba. Agreement management also became fragmented, reflecting the divided and parallel nature of implementation responsibilities.

Several problems have arisen for the Public Information function as a result:

- It is difficult to define a common purpose or readily comprehended theme for the various initiatives, or to relate the projects to overall government goals in communications, technology, cultural development, multiculturalism and regional economic development. It is interesting to note that evaluation interviewees perceive communications under Components 3, 4 and 6 to be relatively effective. These are the most integrated components of the Agreement, particularly those aspects concerned with development of film, video and audio enterprises. Their objectives are thus more apparent and readily communicated. The central administrative impetus and public profile provided by CIDO complements these attributes.
- Management responsibility for Component 8 was not clearly defined. The Agreement implies but does not explicitly state that Component 8 is a joint responsibility. The regional office of DOC initially took the lead role, even though at the time it did not have a public information specialist on staff and its communications activities mainly were undertaken or directed by Ottawa. In 1986, regional DOC considered asking Manitoba to assume the chairmanship of the Communications Working Group as it was felt a clearer definition of lead responsibility was needed.

The working groups reconstituted in 1987 and 1988 have had co-chairs from both parties. The current group is reported to have functioned well in developing plans for a more vigorous communications effort.

- The responsibilities of Component 8 vis-à-vis the other components have not been well-defined. In practice, the Public Information coordinators have not taken the lead in Agreement communications; nor have they consistently been involved in steering committee meetings or some alternate intercomponent forum to plan, undertake and evaluate information activities. Instead, much of the initiative has rested with the managers of Component 1 (DOC), Film Manitoba, and CIDO. This, coupled with divided implementing jurisdictions, has dispersed the impetus and direction for Agreement communications, leaving an impression that planning and activities have been ad hoc and reactive. It also may have contributed to stronger identities for certain components and administering agencies than for the Agreement as a whole.

The Agreement's financial provisions have provided a further lack of clarity and cohesion by treating differently the budgetary responsibilities for Public Information under cost-shared and non-cost-shared components or projects. This approach has left communications vulnerable to differing priorities among program managers and has reduced the potential for Component 8 to direct activities.

- Public Information was not established as an integral part of Agreement management. Instead, it has remained on the periphery, reacting to the perceived needs or agendas of others and uninvolved in ongoing Agreement planning and decision-making on key issues or initiatives. The coordinators thus have not been well positioned to identify communications needs or opportunities; to assess the communications impact of management options and decisions; or to balance communications about the Agreement as a whole with those about its various parts.

Pre-Definition of Some Components. Initial plans anticipated that all or most of the budget allocations for Technology Applications and the Ethnocultural Communications Centre (Components 1 and 5) would be absorbed by pre-defined projects. Interest in, or the advisability of, more proactive communications and outreach occurred only after it became clear that many of these projects were not going to proceed and that alternative proposals would have to be generated. In contrast, promotion of the visual and audio programs under Components 3, 4 and 6 has had to be implemented in a more assertive fashion, reflecting the programs' history, design and clearly identifiable administrative centres, i.e., first Film Manitoba, then CIDO.

Delays in Implementation. Film, video and audio programs under Components 3 and 4 had to await the findings of the Component 2 Advisory Committee. This known delay in communications about a major part of the Agreement, involving about one-third of the \$21 million budget, was exacerbated by the controversy and protracted negotiations which occurred after the committee's recommendations were submitted in early 1986. Coordinators of the Public Information function cannot be held responsible for either the decision-making delays or the negative media coverage that preceded formation of CIDO and delivery of its programs.

Developmental Nature of Some Projects. A number of projects under Components 1, 3, 4 and 6 are developmental in nature. Thus, they have not been particularly amenable to Public Information activities since such projects require time to progress to a stage where communications activities are warranted.

Reduced Political Profile. The design of this Agreement was influenced to a significant extent by the ideas and objectives of the main federal and provincial ministers responsible for pre-Agreement negotiations. The 1984 federal election and subsequent ministerial changes at both the provincial and federal levels lessened the Agreement's impetus and public profile. Moreover, Ministers' meetings, considered by Management Committee to be a key element in the Public Information strategy, have occurred less frequently than anticipated.

3.3.4 Management Committee has not given the Public Information function the priority, leadership, staff resources, and approval procedures needed for efficient and effective operation.

Management Committee has given little priority or leadership to Component 8, despite apparent problems and concerns with the effectiveness of Agreement communications.

Management Committee also has been somewhat ambivalent in its direction of the communications function. In general, concerns about the flow of funds under the Agreement, and the need to revise projections as various large projects were delayed or did not materialize, appear to have led to hesitancy about promoting programs. The Committee also did not want to be too assertive in the event that demand for ERDA assistance exceeded budget capacity, especially in Component 1, or in case false expectations are raised about a successor agreement. Yet, as the Agreement approaches its expiry date, there is perceived urgency to obtain positive recognition for its accomplishments.

Management Committee has not been particularly insistent that annual communications strategies be prepared or that a Public Information PA be finalized. Furthermore, the Committee has been prepared to use Component 8 funds to promote both the Agreement as well as specific projects or companies, but has not always been consistent in considering program requests for use of those funds.

Evaluation interviewees repeatedly identified two key administrative problems with the Public Information function: a lack of adequate staff resources, and cumbersome approval and other guidelines. Neither the provincial nor federal information coordinators have been assigned exclusively to Component 8 activities. Instead, implementation has been an add-on to their existing departmental responsibilities. In DOC's case, a program officer had to double as communications coordinator until a public affairs specialist came on staff in late 1986. A similar situation has emerged in CIDO, where communications responsibilities have been added to the job descriptions of program officers. In both levels of

government, there have been at least three different staff persons responsible for Public Information, creating considerable discontinuity in administration and federal-provincial coordination.

The preferred response has been to seek approval to hire outside consultants to assist with component implementation. The current public information strategy calls for the extensive use of such expertise to organize events and prepare written and other materials, with coordination and supervision performed by the co-chairpersons of the Communications Working Group.

Some evaluation interviewees complained about delays by both Canada and Manitoba in finalizing text or arrangements for communications activities, especially where cabinet ministers were involved or, in the case of DOC, where vetting by Ottawa as well as regional authorities was required. Delays also resulted from the federal government's policy requiring translations. These issues do not appear to have been raised formally in Management Committee until September 1987, although informal discussions on the matter may have taken place earlier. Nevertheless, no action was taken, once again demonstrating the low priority and peripheral status accorded the Public Information function.

3.3.5 While an improvement on previous planning efforts, the current communications strategy still does not address some of the fundamental weaknesses in Component 8.

In early 1988, the new information coordinators canvassed program managers for a comprehensive list of potential communications opportunities. They then produced a detailed Public Information strategy covering the period to the fall of 1989. This strategy was approved in principle by Management Committee in June, subject to certain modifications.

The strategy entails planned expenditures of \$100,000 on targeted communications, primarily on the achievements of particular projects or programs. Delivery would be by contractors under the supervision of the

working group. A contingency fund of about \$50,000 would be retained by the working group.

More than 40 percent of the planned expenditures relate to activities under CIDO and Components 3 and 4 (including information about some programs which are underused); 26 percent would relate to Agreement-wide communications; and more than 20 percent to the results of projects under Component 1.

The strategy is a pragmatic attempt to recoup some initiative under Component 8. It more carefully defines objectives and target audiences for each proposed activity than have previous Public Information planning efforts. It also indicates some potential communications themes, such as strategic public-private partnerships (under Component 1).

However, the strategy perpetuates the absence of an overall rationale or measurable goals for the expenditure and intended impact of Component 8 funds. It does not address some of the problems with structure and process which have afflicted the Public Information function. Moreover, it proposes to commit some funds to the promotion of products developed under ERDA auspices - a questionable extension of the Component 8 mandate to promote the Agreement, but not individual products or companies.

3.3.6 Under future joint agreements, planning and implementation of the Public Information function should be centralized in, and be an integral part of, Agreement management.

Communications should be the direct responsibility of the Agreement secretariat. Sufficient resources and authority should be provided to Agreement management to ensure the timely release of information and to achieve as proactive a public profile as Management Committee deems advisable.

The communications coordinator(s) should be located within the secretariat and be responsible to it on a full or part-time basis, as

required. The coordinator(s) should:

- be involved in and advise both Agreement and program management about the communications implications of major decisions;
- take the lead in planning and directing all Agreement-related communications activities;
- be directly responsible for Agreement-wide communications;
- function jointly with program managers in the implementation of component or project-specific communications.

These structural adjustments are necessary to portray a cohesive and consistent identity to the Agreement that is larger than any one component or program. They also are needed to define a communications strategy that is actively supportive of Agreement objectives and that can instill greater sensitivity to communications issues throughout the various levels of program management.

A multiplicity of interests are always involved in intergovernmental agreements and their communications programs. Attempts to accommodate these by dispersing implementation responsibilities, and providing only passive or peripheral coordination, do not work. The more effective approach is to identify one or two individuals in whom the parties have confidence and who will be charged with balancing these multiple interests with the messages, plans and activities necessary to support Agreement objectives. Centralization of the information function and linking it with Agreement and program management, therefore, would provide a clear focus of responsibility and an identifiable management resource.

Implicit in this structural recommendation are the assumptions that adequate priority, and staff and budgetary resources, are given to the public information function, and that the kinds of weaknesses in Agreement design and management that affected Component B are non-existent or minimized. Also assumed is that the coordinating role

remain a staff function, albeit one that may be assisted by outside consultants as required. Finally, there must be delegation of communications authority to Agreement management at the provincial and regional levels. In the event that approvals are required from senior levels, procedures should be established to obtain authorizations directly and expeditiously.

Without the above prerequisites, an Agreement Public Information function will remain fragmented and uncoordinated. Indeed, based on this Sub-Agreement's experience, some informants have suggested that each component of any future ERDA have its own public information resources in view of the fact that each component has its own distinct audiences, messages and timing requirements. Clearly, we believe this is not the preferred pattern.

3.3.7 Under future joint agreements, public information strategies should distinguish clearly between the requirements for political and governmental recognition, for conveying an Agreement-wide theme and goals, and for disseminating information about, and stimulating interest in, specific programs.

Effective communication requires a clear sense of purpose and intended achievement; a comprehensible and consistent message; and an appropriate frequency of activity relative to the intended audience. Component 8 lacked these attributes in part because of inadequate objective-setting and planning.

The August 1984 strategy paper reflected recognition of the ingredients that should go into a communications plan. However, this recognition was not translated into strong objectives or into an understanding of how to convey information about the Agreement as a whole. It also was too restricted in the types of communications tools proposed.

Most importantly, strategy-making and subsequent implementation of Component 8 were not able to distinguish between the multiple interests

that accompany intergovernmental agreements. Had the main elements of these interests been explicitly identified and addressed in initial planning, the messages, activities and lines of authority to prepare and release information would have been clearer and more effective. As well, the nature and importance of Agreement-wide communications would have been more apparent.

While political and governmental recognition is an inextricable part of public-sector information activities, the majority of communications need not be driven or determined by political considerations. Strategy-making should distinguish between those matters which must have ministerial or governmental profile and those which may be administratively implemented to support the functioning of programs. These kinds of distinctions, in turn, should help to clarify centres of responsibility and approval processes.

**Appendix A:
Interview Guide**

**EPSTEIN
ASSOCIATES
INC.**

WINNIPEG • CANADA

EPSTEIN ASSOCIATES INC.

123 Middlegate • Winnipeg • Manitoba • Canada • R3C 2C6 • (204) 775-3303

To: _____

Re: Evaluation of the Communications and Cultural Enterprises Agreement

Epstein Associates has been retained to evaluate the ERDA Sub-Agreement on Communications and Cultural Enterprises. Our evaluation study focuses on three principal elements:

1. **First, the Rationale for the Agreement.** This includes issues regarding:
 - the original objectives of the federal and provincial governments;
 - intergovernmental coordination of policies and programs;
 - industry access to government support programs; and
 - remaining need for a federal-provincial Agreement on industry development in these sectors.
2. Our second main area is the **Achievement of Agreement Objectives.** This particularly involves the issues of:
 - how well have funded projects "fit" Agreement objectives and approval criteria;
 - the Agreement's contribution to regional economic development within Manitoba;
 - the nature and magnitude of economic benefits arising from the Agreement; and
 - the degree to which the service infrastructure of the communications and cultural industries has improved as a result of the Agreement.
3. Finally, the third key area of this evaluation study involves **Possible Alternatives** to the current Agreement. This concerns two primary issues:
 - problems with, and improvements to, management and delivery mechanisms; and
 - the degree to which Agreement programs duplicate other programs delivered by either the federal or provincial government.

In addition, our team is evaluating the functioning and achievements of three selected **Program Components** of the Agreement:

- the 1985-86 Film/Video/Audio Advisory Committee;
- the proposed Ethnocultural Communications Centre; and
- the Agreement's Public Information or communications function.

In our interview with you, we intend to ask you a series of questions in those areas about which you have personal knowledge, experience, or opinions. One particular focus of these questions is your assessment of changes that have occurred during the period in which the Agreement was in operation (i.e. roughly 1984-5 to the present), as compared to the period prior to the Agreement (i.e. before 1984).

As arranged, _____ will meet with you on _____

at _____. Thank you very much for your cooperation.

EPSTEIN ASSOCIATES INC.

Donald Epstein

QUESTIONNAIRE / INTERVIEW GUIDE

To assist us in putting your answers and perspectives in the proper context, perhaps we can start with some information about you.

All respondents

- ☐ Would you please briefly describe your particular role(s) or involvement(s) with the Agreement.

A. AGREEMENT OBJECTIVES

Let's begin with the specific objectives of the Communications and Cultural Enterprises Agreement, as you understand them.

AM / PM

- ☐ What are your department's priorities and key strategies for development of communications and cultural industries in Manitoba?
- ☐ How compatible or consistent do you think your priorities and approach to industry development are with those of the Agreement?
- ☐ Have the policy objectives or orientations of your department changed over the course of the Agreement period? If so, how?

AM / PM / IA

- ☐ To what degree are the governments' Agreement objectives consistent or relevant to the industrial realities within Manitoba, as you understand them?
- ☐ How have these industry realities changed during the course of the Agreement?
- ☐ How might a new federal-provincial Agreement be changed to better reflect these Manitoba realities?

B. COORDINATION

Now, let's talk about the issue of federal-provincial coordination. By this we mean the degree to which the economic development policies and the delivery of industry support programs of the two governments are integrated and supportive of one another.

AM / PM

- ☐ How would you rate the quality of intergovernmental coordination during the Agreement period, compared to the situation before the Agreement?
- better
 - about the same
 - worse

Why? Please elaborate.

- ☐ How would you compare the nature and degree of policy and program coordination between the federal and provincial governments before the Agreement and during the course of the Agreement?

PM

- ☐ How and with what effect did you coordinate your particular program activities with ERDA programs?

AM

- ☐ How and with what effect did the Agreement Steering Committees coordinate ERDA programs with other government program managers?

AM / PM

☐ How would you assess the performance of the following structures and processes established to coordinate activities within ERDA, and how might they be improved in any new Agreement?

- initial federal-provincial Agreement negotiations
- organization of the Agreement structure
- program development and approval of P.A.s
- functioning of the Management Committee
- functioning of the Secretariat
- functioning of the Steering Committees
- information-sharing among program managers
- reorganization of ERDA components, e.g. CIDO
- referral of applicants from government programs to ERDA
- joint funding of projects within or outside ERDA
- provision of initial study or seed development monies that later lead to ERDA applications
- temporary transfer of funds to other ERDA agreements
- financial monitoring and reporting

C. INDUSTRY ACCESS

Now let's move on to the issue of industry access to government programs. One of ERDA's objectives was to improve accessibility of Manitoba's communications industries and cultural enterprises to national and provincial industry development and support programs.

AM / PM / IA / AC

- ☐ How would you rate the Agreement's success in improving the access of Manitoba's [communications industries / cultural enterprises] to national and provincial programs, compared to the situation before the Agreement?
 - better
 - about the same
 - worse

- ☐ In what specific ways has your access [improved/worsened]? Why do you think this has been the case? Please give specific examples of relevant national and provincial programs.

- ☐ Do national programs adequately recognize the needs and realities of Manitoba industry, as you understand them?

- ☐ With respect to Agreement programs, how would you judge the following:
 - completeness of information about program opportunities
 - clarity and reasonableness of eligibility criteria
 - publicity and targetted promotion of the programs
 - active recruitment of applicants
 - sufficiency of the financial assistance and support package
 - (other items, please specify)

D. NEED

I now want to ask you about the ongoing need for a Communications and Cultural Enterprises Agreement.

All respondents

- ☐ In your opinion, is a federal-provincial Agreement still needed to promote the further development of the communications and cultural industries in Manitoba?

Why? Please elaborate.

E. PROJECT 'FIT'

AM

- ☐ During the Agreement period, were the project authorization and approval processes adequately guided by a clear understanding of the Agreement's original rationale and objectives?

Please give examples.

- ☐ To what extent were approval guidelines and criteria modified to fund desired projects?

E. REGIONAL ECONOMIC DEVELOPMENT

I'd like to talk now about how the Agreement satisfied its objective of diversifying industry around the regions of the province.

AM / PM / IA

- ☐ What is your impression as to the distribution of Agreement projects and expenditures in the various regions of Manitoba?
(Request data and documentation)
- ☐ To what degree and how have Agreement programs contributed to regional economic development in the province?

G. ECONOMIC OPPORTUNITIES

AM / PM / IA

- ☐ How and to what extent have Manitoba [communications / cultural] industries benefitted from ERDA programs, compared to the pre-Agreement period?
(Request data on the participation rate of Manitobans before and during the Agreement period)

H. SERVICE INFRASTRUCTURE

Now let's deal for a moment with the Agreement's objective of improving the available services supporting development of communications and cultural enterprises.

AM / IA / PM / AC

- ☐ To what extent have you seen an improvement in the support services available in Manitoba that are needed for development of [communications / cultural] industries?
Please give examples of both improvements and continuing deficiencies in services.

I. MANAGEMENT AND DELIVERY MECHANISMS

I now have a series of questions about how you think the Agreement was managed and its programs delivered. I'd also like to hear your suggestions for improving Agreement management and delivery.

All respondents

- ☐ Were delays from the time of application to decision experienced in various Agreement programs?
[If so], what was the extent and reasons for those delays?
- ☐ Were these delays longer or shorter than those typically experienced in similar programs delivered by federal or provincial departments?
[If so] Why do you think this was the case?
- ☐ Was the problem of delays rectified?
[If so] When and with what effect?
- ☐ Were the criteria used to evaluate applications clear, complete, and well understood by applicants and by responsible program staff and management?
- ☐ If there is to be a new federal provincial Agreement, what changes, if any, would you suggest making in that Agreement, specifically in terms of the following items:
 - level of funding
 - federal-provincial cost-share
 - nature of programs
 - designation of program implementation responsibilities
 - Agreement organization and committee structure
 - interaction between Agreement and other govt. programs
 - Ottawa vs. field responsibilities
 - arms-length vs. department-based delivery mechanisms
 - proposal evaluation and decision-making processes
 - mandate and organization of the public information function

J. PROGRAM DUPLICATION

Finally, I have a few questions about possible duplication of government programs.

AM / IA / PM / AC

- ☐ Do any of the ERDA programs duplicate any existing programs of either the federal or provincial government?

[If so] In what specific ways and to what degree?

Why does this duplication exist? Is there justification for it?

Of these overlapping programs, which are easier for industry to access and use?

[If not] How do the Agreement's technology programs, for example, differ from the federal government's IRAP (DRIE) and the provincial government's TCP (ITT)?

How do the Agreement's cultural industries programs differ from cultural development programs offered by DOC, Telefilm, and the Province?

K. Public Information

Now, I'd like to discuss in detail the operation of the Public Information component.

AM / IA

- ☐ What was your understanding of the major roles, activities and audiences of the Public Information program?
- ☐ How effective was the Communications Working Group in the following areas of activity:
 - promotion and target-marketing of programs
 - regional distribution of promotional efforts
 - dissemination of Agreement and program information
 - balancing communications and cultural interests
 - publicity about Agreement activities and achievements
 - coordinating federal and provincial communications decisions
 - governmental and political recognition
- ☐ In your view, what were the reasons for the difficulties experienced in the Public Information program?
- ☐ Under the existing Agreement, what are the most important remaining communications needs, and how will they be addressed?
- ☐ In any new Agreement, how should the public information component be mandated and organized?

M. Advisory Committee

Now, I'd like to discuss in detail the activities of the F/V/A Advisory Committee.

AC / AM / IA (F/V/A)

- ☐ Why do you think an Advisory Committee was needed and included in the Agreement?
- ☐ Did the Advisory Committee achieve the objectives originally intended?
- ☐ How effective was the Committee's consultation process with the following:
 - cultural industries throughout the province?
 - native and Franco-Manitoban organizations?
 - other cultural interest groups?
 - regional interests?
 - federal and provincial government departments?
- ☐ To what degree were the Committee's recommendations compatible with federal and provincial government policies and priorities?
- ☐ Were the Committee's recommendations consistent with the objectives of the Agreement?
- ☐ What was the nature of, and the reasons for, the disagreements among Committee members and between the Committee and Agreement management?

N. Ethnocultural Communications Centre

Now, I'd like to discuss in detail the Agreement component dealing with the concept of establishing an Ethnocultural Communications Centre.

EC / AM

- ☐ In your opinion, which Agreement objectives were the ECC concept intended to fulfill, and how?
- ☐ What benefits were to be obtained by establishment of an ECC, and who were to be the beneficiaries?
- ☐ Why and how was this component included in the Agreement?
What was its economic development rationale?
- ☐ How much regional and multicultural input was received during the development and consideration of this component?
- ☐ Why has so little action been taken on it?
- ☐ Why did a decision on the Comedia proposal take nearly two years, and why was the proposal rejected?
- ☐ Have efforts been made to stimulate alternative proposals?
[If so] What was the result of those efforts?
- ☐ What options are now being considered for this component?
- ☐ What action is most likely to be taken prior to the expiration of the Agreement?